

A photograph of a man with a beard and long hair, wearing a dark jacket, carrying a young child with blonde hair on his shoulders. They are outdoors in a grassy area, looking towards the right. The man has a tattoo on his left forearm and is wearing a ring on his left hand. The child is wearing a light blue long-sleeved shirt and white sneakers with 'EILA' written on them.

Prospects for Children in the Polycrisis

A 2023 GLOBAL OUTLOOK

About this report

While preparing the third edition of our *Global Outlook*, we looked back at our previous reports to see what we did right, what we may have missed and what we could do better. We also looked beyond UNICEF to understand how others working in this field carry out foresight and analysis of emerging trends. Our assessment of existing foresight reports reveals that they rarely examine how trends or events might specifically impact children, nor do they tend to provide opportunities for young people to contribute meaningfully to their analysis. For the 2023 *Global Outlook*, we therefore had a three-fold aim: (1) involve young people in the analysis of trends and provide spaces for stronger intergenerational dialogue around foresight; (2) draw the attention of the global community to the effects of global trends and events on child rights and well-being; and (3) support UNICEF staff and offices in interpreting trends and emerging issues in a rapidly changing world.

In September 2022, we asked a group of nine young people around the world aged 16–29 to support our efforts as UNICEF’s first cohort of [Youth Foresight Fellows](#). We asked the nine Fellows, who have been actively working as foresight practitioners in their own countries, to design and facilitate a comprehensive foresight research process for the *Global Outlook* team. The process helped introduce UNICEF staff and partners to foresight tools and approaches that young people find useful and appropriate, and provided space for greater intergenerational dialogue. One such concept, introduced to UNICEF by the Fellows, is particularly powerful. The ‘[200-year present](#)’, developed by sociologist Elise Boulding, helps us think about change over a 200-year span. This time frame – which began 100 years ago and ends 100 years from now – encompasses the lifetimes of the oldest and youngest living members of society. Asking participants to consider global trends within this interval expanded our view of what we might expect in the coming years and helped us recognize differing frames of reference across generations. The Fellows also undertook literature reviews and horizon scanning, and designed and facilitated online foresight workshops with more than 80 young people from more than 40 countries around the world. They plan to capture their experiences of working through this foresight process in a compendium that will be shared in March 2023.



Meet UNICEF’s first cohort of **Youth Foresight Fellows**



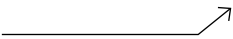
Cover photo: Khmelnytskyi region, Ukraine: Oleksandr plays with his 3-year-old son, Leonard. They fled their home in Irpin, which was partially destroyed in the Ukraine-Russia conflict.



Prospects for Children over time

Reflect on what we anticipated at the beginning of 2022 in our previous [Global Outlook report](#)

How does the world today compare with the trends identified in our [2021-2025 Outlook?](#)



The resulting synthesis from the youth foresight workshops was paired with reflections and analysis of staff from UNICEF Innocenti – Global Office of Research and Foresight and our partner, the Atlantic Council. Under the overarching theme of this report – children in the polycrisis – we identify eight trends that highlight the drivers of shocks and stressors comprising the polycrisis. We outline our understanding of how they will unfold in the year ahead and what could be the resulting impact on children. We focus in particular on potential impacts on education outcomes, nutrition and child poverty, carried out in collaboration with our education, nutrition and social policy colleagues.

The eight trends we identify are:

- 1. The pandemic’s harms will continue to be counted** – but reforms of health architecture and medical breakthroughs offer hope for children. ↗
- 2. Efforts to tame inflation will have unintended negative effects on child poverty and well-being** – requiring policy measures that protect investments for vulnerable families and children. ↗
- 3. Multiple factors will contribute to continued food and nutrition insecurity** – with increasing calls for greater climate adaptation and food systems reform to prevent food poverty in children. ↗
- 4. The worsening energy crisis may cause immediate harm to children** – but the focus on energy sustainability provides hope for a greener future. ↗
- 5. Unmet needs and underinvestment in children warrant reforms of financial flows to developing countries** – while renewed attention on climate finance and debt relief holds promise. ↗
- 6. Threats to democratic rights such as freedom of expression are expected to continue** – but social movements, including those led by young people and women, are likely to push back. ↗
- 7. Increasing factionalism will put further stress on multilateralism** – but efforts to address children’s and young people’s concerns may offer opportunities to find common ground. ↗
- 8. The internet will continue to fragment and become less global, resulting in further disparities for children** – prompting a greater push for openness, fairness and inclusion. ↗



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Concluding remarks



Polycrisis

—
Androimpano,
Madagascar

Children in the polycrisis

Is a crisis automatically an opportunity? My take on the question: Yes and no.

It's obvious how crises can serve as catalysts for change – the European Union's drive for renewable energy caused by Russia's war on Ukraine [and the subsequent gas crisis] is a recent example.

However, we should not blindly follow the narrative 'crisis = opportunity'. Instead, we should focus on how to prevent crises in the first place. A crisis is not only an opportunity for change but also a reminder of failure. Yet we seem to stumble from one crisis into the next: While we put out one fire, we create two more.

We need to step away from short-sighted political decisions and embrace more fundamental means of coping and preventing crises.

—

Joshua Steib, 19, United Nations Youth Delegate
and UNICEF Youth Foresight Fellow

In 2022, the world was rocked by a series of shocks and stresses: the third year of the most severe pandemic in a century; a major war in Europe, engaging nuclear powers; the worst global energy crisis since the 1970s; the fastest global inflation this century; spiralling food insecurity; a record global debt burden with five sovereign defaults; and increasingly visible effects of climate change, including devastating floods in Pakistan and droughts in East Africa.

These shocks and stresses drastically altered children's lives in 2022. From attempts to recoup pandemic-induced losses in education to the mass exodus of children from Ukraine, and from rising child malnutrition and record numbers of children in humanitarian need to young people's leadership at the United Nations Climate Change Convention Conference of the Parties (COP27) and protest movements around the globe, children faced new and emerging challenges.

The phenomenon has been described as a polycrisis: the presence of multiple near-simultaneous shocks, with strong interdependencies among them, taking place in an ever-more integrated world.

The Russia-Ukraine war provides a vivid example of how these interdependencies operate. The conflict sparked a sharp spike in food and energy prices that has roiled global markets and led to rising global hunger.



The war in Ukraine shocked many European observers, analysts, policymakers and politicians. Almost overnight, the strategic context in Europe changed and, with it, Europe's strategic footing.

—
Peter Engelke, Deputy Director and Senior Fellow for Foresight, Scowcroft Center for Strategy and Security, Atlantic Council

Food and energy have been the leading components of global inflation, triggering an aggressive rise in interest rates by each of the world's major central banks. Rising interest rates have driven up the value of the dollar against other currencies, hampering developing countries' access to external financing and raising the burden of existing debts.

In each stage of this causal chain, shocks prey on existing vulnerabilities. Global food insecurity was elevated before the war and has become a permanent feature of the climate era. Inflationary pressures were already building as a result of the pandemic. Record debt burdens, both public and private, were amassed over the last decade during an era of low interest rates.

As in 2022, the polycrisis appears poised to shape children's lives in 2023. That is because a polycrisis is inherently hard to solve. First, interdependencies mean that trying to solve one shock or stress can exacerbate another – just as efforts to tame inflation in the West through higher interest rates are increasing debt servicing costs in developing economies. Second, a globalized world ensures that the effects of shocks stretch far beyond their source – as witnessed by war in Europe intensifying food insecurity in East Africa. Third, those knock-on effects can be difficult to untangle, given the degree of global integration. For instance, lockdowns in China caused some supply chains to snarl up while others proved resilient, reflecting the complex pattern of global manufacturing and trade. Fourth, institutions and policymakers themselves are under stress and easily overwhelmed – as evidenced by the limited fiscal space many governments face as they seek to respond to multiple urgent needs. Furthermore, the best solutions often require collective action, which today's multilateral system is poorly equipped to compel and enforce.

A polycrisis has the potential to snowball into further instability, and ultimately to systemic breakdown. But this scenario is far from inevitable. In 2022, we already saw some stresses weaken. For instance, both food and oil prices fell from their peaks – although they remain historically high and vulnerability remains. Exogenous factors can also cause stresses to diminish, as was the case with the mild winter in Europe at the end of 2022, which reduced pressure on gas markets, and bumper harvests in the United States (US), Australia and Brazil, which tempered global food prices. Moreover, the interactions between different shocks and stresses can be positive as well as negative. For instance, COVID-19 lockdowns in China reduced its demand for oil, thereby lessening the pressure on global energy supply.

Indeed, 12 months from now, it is possible that we will have stepped back from the precipice, many risks will have receded, and talk of a polycrisis will be over. It is also feasible that the polycrisis precipitates momentum for positive change. Our *Global Outlook 2023* highlights the medical breakthroughs sparked by the pandemic response that can help drive the fight against child disease over the next decade, and the faster transition to greener energy prompted by last year's concerns over energy security.

Such momentum should be actively supported. Capabilities including foresight, preparedness and adaptability become especially valuable in such an uncertain environment.

While the polycrisis may prove fleeting, we are concerned by a more structural – and inescapable – change in the medium-term outlook. That outlook has deteriorated in three dimensions. The first is geopolitical. Great power competition, already anticipated to be a defining feature of this century, has intensified quickly and sooner than expected, raising the spectre of conflict, factionalism among nations, and a breakdown in global cooperation. The second dimension is economic. A productivity slowdown, demographic shifts and higher interest rates have combined to make the economic outlook for the rest of this decade appear decidedly weak. The third dimension is environmental. The effects of climate change are now all around us and will only worsen in the years ahead, regardless of future emissions levels.

These three headwinds provide a grim backdrop for the remainder of the 2020s – a period in which the world had set targets for transformational development for children via the United Nations’ Sustainable Development Goals (SDGs). While this report is a one-year outlook, change in the medium-term outlook dominates our near-term assessment. This is the context in which children’s development, and efforts to support it, must now occur.

Geopolitical tension could undermine cooperation on global issues that affect children, and push child issues further down the list of government priorities, as security concerns rise to the fore. A poor economic outlook augurs greater child poverty; less public and personal investment in children’s nutrition, education and safety; and more limited prospects for children as they exit childhood and enter the world of work. A bleak environmental outlook poses new and rising threats to children, with climate change acting as a force multiplier on other threats to children’s health, nutrition and personal security. The effects of this darkening medium-term outlook are apparent in each of the eight trends that follow in this report.

That outlook cannot be overturned by UNICEF or the child advocacy community. Our challenge is to navigate this environment as well as possible. Doing so means urging leaders to set aside geopolitical tension when it comes to child issues where there can be common ground. It means prioritizing and protecting the younger generation in economic recovery and humanitarian relief. And it demands accelerating climate adaptation and mitigation to make the best possible world for tomorrow’s children.



Eight trends →

A photograph of a woman in profile, facing left, carrying a young child on her back. She is also carrying a large, rectangular, yellowish-brown container on her head. The woman is wearing a purple long-sleeved shirt and dark pants. The child is wearing a light-colored cloth. They are standing in a field of tall green corn plants under a bright sky. The text "Eight trends and their implications for children" is overlaid in white on the lower left portion of the image.

Eight trends and their implications for children

—
Mireyi,
Uganda

1. The pandemic's harms will continue to be counted – but reforms of health architecture and medical breakthroughs offer hope for children.

As the pandemic enters its fourth year, the damage it has wrought since 2020 continues to mount. From missed schooling and lost jobs to missed childhood immunizations, and from deaths of caregivers to strains on mental health, COVID-19 continues to disrupt children's lives. The stresses are not only a legacy from COVID-19's beginnings: Infections, hospitalizations and deaths are again on the rise in some countries. Yet, devastating as it has been, the pandemic has sparked changes in two important areas: further investments and improvement in global health architecture, and accelerated development of vaccines against deadly diseases.

Entering 2023, it is clear that the Group of Twenty (G20) goal of vaccinating 70 per cent of the world's population will not be reached. Gavi, the Vaccine Alliance has [decided to wind down](#) the global COVID-19 vaccine rollout, and global health institutions and governments are increasingly downgrading the virus from public health emergency to routine illness. Global COVID-19 vaccine coverage will continue to plateau at 64 per cent through March 2023, with [deep inequalities across country income levels](#), according to [forecasts](#). As described in our [Global Outlook 2022](#), the vaccine demand constraint has become binding. A number of countries with low coverage have not distributed COVID-19 vaccines at scale, amid limited budgets, competing priorities and weak infrastructure.

While vaccines and existing immunity have made COVID-19 less deadly at the population level, the virus continues to mutate. Countries with low levels of immunity and large at-risk populations will continue to experience higher rates of death.

Beyond COVID-19, outbreaks of a variety of infectious diseases are becoming more commonplace and more intense than in the past. Experts say that pandemics will [become more frequent](#) as a result. A number of factors related to modern life – widespread global travel, humans' deeper penetration into animal habitats, political instability and conflict, migration, and accelerating climate change – are together encouraging the more rapid spread of infectious diseases.

As a reflection of this phenomenon, 2022 saw outbreaks of monkeypox, cholera, respiratory syncytial virus (RSV), polio and other infectious diseases. Devastating floods in Pakistan in 2022 increased circulation of polio there, for example. The disease remains endemic in Pakistan and Afghanistan, and in 2022 Mozambique and Malawi identified cases of wild-type polio – Malawi's first case in 30 years.

A drop-off in routine child immunization has only exacerbated these trends – though focused efforts may help immunization recover ground in 2023. Coverage of life-saving routine immunizations for children, which had plateaued over the last decade, dropped sharply amid COVID-related disruptions and strains on health systems. Global coverage of routine immunization slid from 86 per cent in 2019 to 81 per cent in 2021. In the wake of these declines, 2022 saw large outbreaks of measles, and the World Health Organization has warned that the disease is now an “[imminent threat](#)” in every part of the world. Immunization against human papillomavirus (HPV) has also fallen, putting more women at risk of cervical cancer; global coverage of the first dose of HPV vaccine among girls is estimated at 15 per cent, compared with 20 per cent in 2019.

Reversing these trends will require reaching children in some of the most marginalized communities – especially in urban slums, remote rural areas and conflict zones. (UNICEF’s *State of the World’s Children 2023* report will examine what needs to happen to ensure every child receives life-saving vaccines.)

Meanwhile, the cumulative effect of multiple crises, including years of COVID-related disruptions and a looming global economic recession, is eroding well-being for many around the world. Life satisfaction for those aged 15–30 declined between 2019 and 2021 while holding steady for other age groups, according to the [World Happiness Report](#). Overall optimism about the coming year is lower than in previous years due especially to economic concerns, according to a 36-country [survey](#) released in December 2022. These trends align with [research](#) showing that unemployment, income losses and financial strains associated with economic downturns can take a toll on mental health, including that of [children](#) and [adolescents](#).

These [effects](#) on well-being are long-term and passed down across generations. The prospects of a global recession – especially at a time of [reduced investment](#) in mental health – should raise concerns among policymakers. Coverage of [social protection and mental health services](#) are shown to mitigate the impacts of poor mental health.

Despite ongoing challenges, **the response to the pandemic is also bringing about positive changes for global health.** As noted in *Global Outlook 2022*, COVID-19 exposed the lack of pandemic preparedness and the inadequacy of a global response system that relies on voluntary mechanisms, complex governance and inadequate financing. One need only to look at the response to outbreaks of monkeypox and cholera – with [vaccine shortages](#) and [poor global coordination](#) – to recognize that these problems persist. The pandemic has sparked efforts to address them.

The year ahead will be critical for global health architecture, with developments around two key processes expected to conclude in early 2024. First, governments will negotiate the final text of an international treaty on



Mental health ... is critical to us authoring a preferred future: It informs everything in our socio-political and environmental ecosystem. Overlooking this key theme is a disservice to countless other key global trends.

—
Matt Klein, 29,
Foresight Strategist

pandemic prevention and preparedness, known as the Pandemic Treaty. This legally-binding instrument aims to strengthen countries' capacity and response to future pandemics. Second, there will be negotiations on changes to binding global rules around disease outbreaks, known as International Health Regulations (IHR).

SPOTLIGHT

Pandemic fallout on education

The pandemic has exacerbated an already acute learning crisis and threatens to undermine the future of today's children and the economic prospects of many countries.

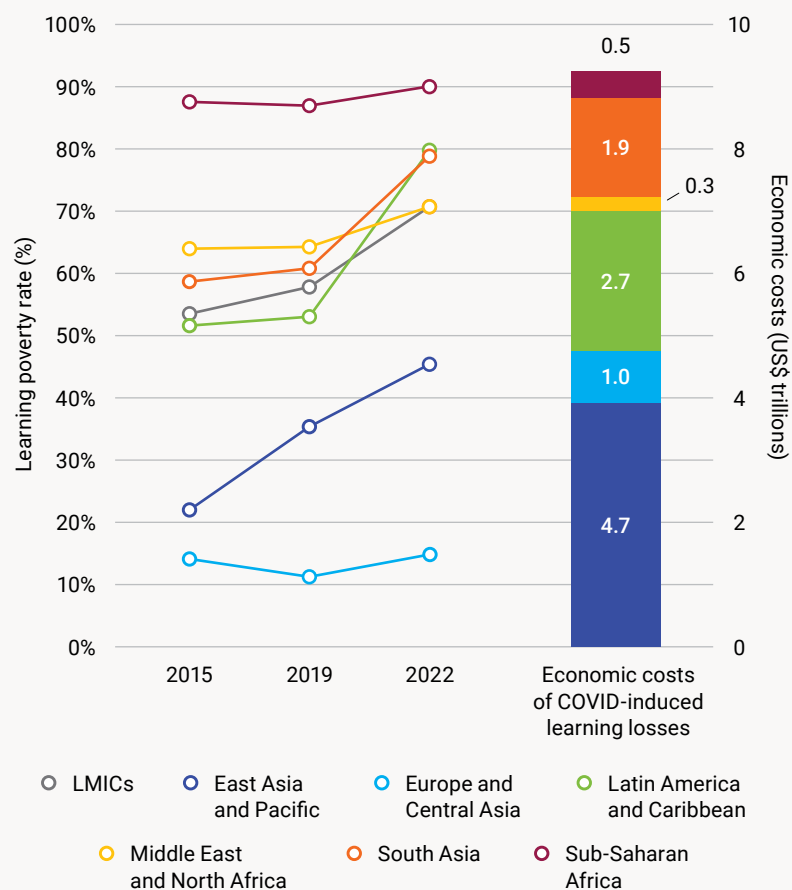
Prior to the pandemic, 57 per cent of 10-year-olds in low- and middle-income countries (LMICs) could not read and understand a simple text. This figure is estimated to have surged to nearly 70 per cent in 2022 (Figure 1), with particularly acute learning losses in South Asia, Latin America and the Caribbean, where schools were closed the longest. While almost all countries implemented different types of remote learning programmes, the reach, functionality, and effectiveness of these initiatives were often insufficient. More data is required to assess whether gender equality was impacted by COVID-19, but there is evidence that indicates that boys and girls were affected differently in terms of access to devices, time spent doing chores and early pregnancy.

Recent estimates also indicate that the number of children and youth not going to school has increased in sub-Saharan Africa. UNICEF projects¹ that this region will continue to experience growing numbers of out-of-school children through 2030 due to its youthful demographic profile, and the gender gap at the expense of girls tends to be higher when out-of-school rates are high. Without action, the current generation of

students risks losing US\$21 trillion in lifetime earnings, or the equivalent of 16 per cent of today's global gross domestic product; this economic cost will be disproportionately borne by LMICs. These losses will not be easily made up in 2023 or in years to

come without greater investments in interventions that can recover learning losses, such as those used in Tamil Nadu, Jordan and Indonesia. Progress will also require a range of policy actions such as those outlined in the RAPID Framework.

FIGURE 1: COVID-INDUCED LEARNING AND ECONOMIC LOSSES IN LMICS



Note: Economic costs of COVID-induced learning losses are expressed in trillions of 2017 purchasing power parity (PPP) dollars. The learning poverty rate is defined as the percentage of 10-year-olds who cannot read and understand a simple text. Learning poverty rate numbers for 2022 are simulations. High-income countries are excluded from the analysis.

Source: United Nations Educational, Scientific and Cultural Organization et al, *State of Global Learning Poverty: 2022 Update*, UNESCO et al, Paris, 2022, based on data from Annex 4 and Annex 8.

1 Forthcoming UNICEF technical note on school-aged population growth and its impact on students and out-of-school numbers.

While these global health processes are promising, significant disagreements loom over negotiations. For instance, wealthier nations seem to prefer targeted revisions of the IHR (e.g., to ensure easier collection of genetic sequencing data), while developing countries are aiming at more extensive changes and a comprehensive equity focus. The latter group also seeks a Pandemic Treaty that clearly articulates the [One Health](#) approach, which recognizes the interdependency of people, animals and the environment while aiming to optimize the health of each. A lack of common vision among stakeholders, and a misalignment between the Pandemic Treaty and IHR changes, could undermine the effectiveness of these mechanisms and reduce global capacity to tackle future pandemics.

Another positive effect of the pandemic response is the rejuvenation of the vaccine landscape. After decades of stagnation and underinvestment, COVID-19 shifted norms around the speed and breadth of vaccine development and approval, including for [messenger RNA \(mRNA\)](#)-based vaccines. It also helped stimulate an expansion of novel vaccine manufacturing into South America and Africa.

In a major development, two forthcoming (non-mRNA) vaccines against malaria could transform the fight against the disease, which kills about half a million children each year. A third (mRNA) vaccine against malaria has entered human trials. The development of other vaccines against deadly diseases will continue in 2023, including for RSV, [dengue](#), [Group B Streptococcus](#), [cervical cancer](#), and sleeping sickness.

Governments and the global community must continue to mitigate the pandemic's damage to children and young people, while also strengthening global health architecture to protect them in the future. Committing to stronger global health security while ensuring robust vaccine development and equitable access to health products, technologies and know-how are essential to the ongoing recovery – especially for children.

2. Efforts to tame inflation will have unintended negative effects on child poverty and well-being — requiring policy measures that protect investments for vulnerable families and children.

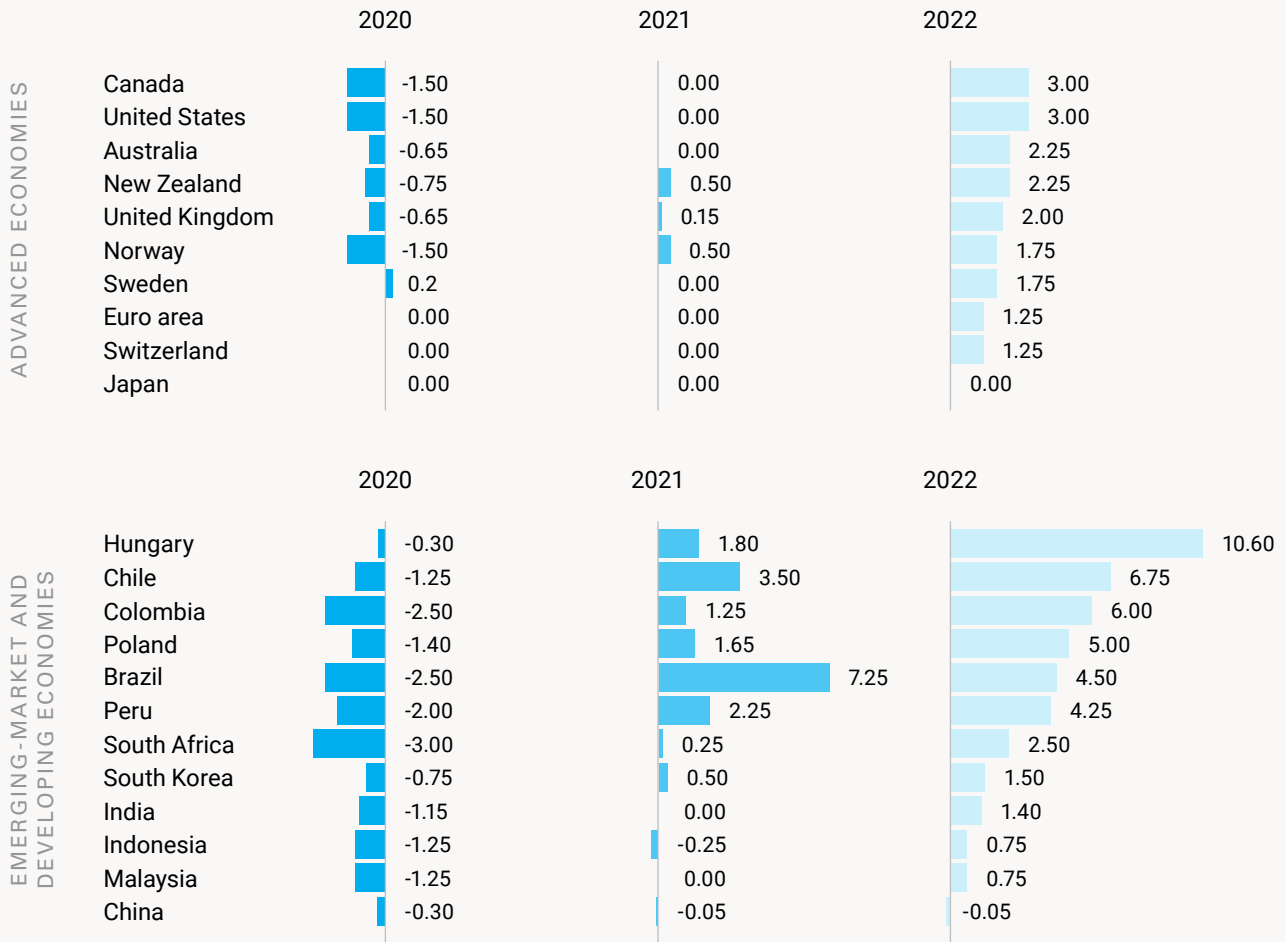
An uncertain trajectory for inflation hangs over 2023. Global inflation and the corresponding policy response have been the leading economic story since 2022. At the start of last year, inflationary pressures were already present, but most analysts judged them to be transitory. Fast forward 12 months and inflation has proven to be not just more persistent, but also more damaging than anticipated. Inflation spells harm for children, but so can unintended consequences of efforts to tame prices. The impact will be felt in slowing economic growth, diminished labour opportunities – particularly for young people – along with the real prospect of debt default by the most vulnerable countries and ensuing weaknesses in the financial sector.

Today's inflation is unusual in that it is the result of both demand and supply shocks. The demand shock is a legacy of the pandemic. The easing of COVID-19 restrictions released pent-up consumer demand, bolstered in many countries by large fiscal expansions initiated during the pandemic to keep economies afloat. Furthermore, the pandemic has brought about changing patterns of demand for particular goods and services that markets are still scrambling to meet. The supply crunch is itself the result of at least three shocks: supply chain disruptions caused by pandemic lockdowns around the world, most notably in China; disruption to food and energy supplies resulting from the war in Ukraine and the de facto embargo on Russia by Western economies; and the increased frequency of environmental shocks and extreme weather events disrupting agriculture.

In response, central banks around the world have raised interest rates (Figure 2) in a pattern unprecedented in terms of both scale – with repeated rate increases of between half and three-quarters of a percentage point – and coordination, albeit unintentional, with central banks of virtually all major economies increasing rates simultaneously.

Inflationary pressure is expected to taper in 2023 but remain high relative to pre-pandemic levels and subject to upside risk, according to International Monetary Fund (IMF) forecasts.

FIGURE 2: YEAR-ON-YEAR PERCENTAGE-POINT CHANGE IN CENTRAL BANK INTEREST RATES AS OF SEPTEMBER 27, 2022



Source: Central bank sources and Maurice Obstfeld and Haonan Zhou, 'The Global Dollar Cycle', Brookings, Washington DC, 2022, accessed January 24, 2023.

Unchecked inflation has high costs for children and families. At the household level, it can render essential child expenditures, such as food and heating, unaffordable if household income fails to rise in line with prices. It can also erode the value of savings relied upon for child investments. These costs tend to be greatest for poorer households who have the fewest assets. At the level of the economy, inflation creates uncertainty.

But combatting inflation by raising interest rates also carries costs for children and families – especially in dampening economic growth and falling employment.

Higher interest rates are a blunt tool in tackling inflation: While higher rates quell demand, they also cause reduced investment, which can exacerbate supply shortages and hurt economic growth. In addition, when multiple countries raise interest rates simultaneously, their impact on aggregate income is larger while their impact on prices is smaller. Central banks may

therefore feel compelled to raise rates even more aggressively in order to meet their inflation targets and are more likely to trigger an economic slowdown that could easily become a recession. In fact, countries representing a third of world output could be in recession next year, according to IMF forecasts.

If aggressive interest rate hikes fail to reduce inflation to desired levels while hurting economic growth, there is a very real prospect of stagflation, i.e., high inflation and high unemployment. There are some indications that labour market conditions have already been affected by economic headwinds and policy responses, while inflation is also causing negative real wage growth. Among those most affected are young people and women. Young women are experiencing lower employment rates, with the largest gender gap in LMICs. Rising interest rates may yet trigger more employment losses. A slowdown or recession and an increase in unemployment will inevitably translate into increased child poverty and reduced investments in children, both from households and governments.

Additionally, **higher interest rates in the US and Europe make it harder for developing countries to service their existing debts and access new financing.** Most external debt is dollar-denominated, so a stronger dollar will increase the debt burden in domestic currencies. Furthermore, developing countries must offer higher interest on their bond issuances to attract investors in order to compete with safer instruments such as US Treasury Bills, which now offer more attractive returns.

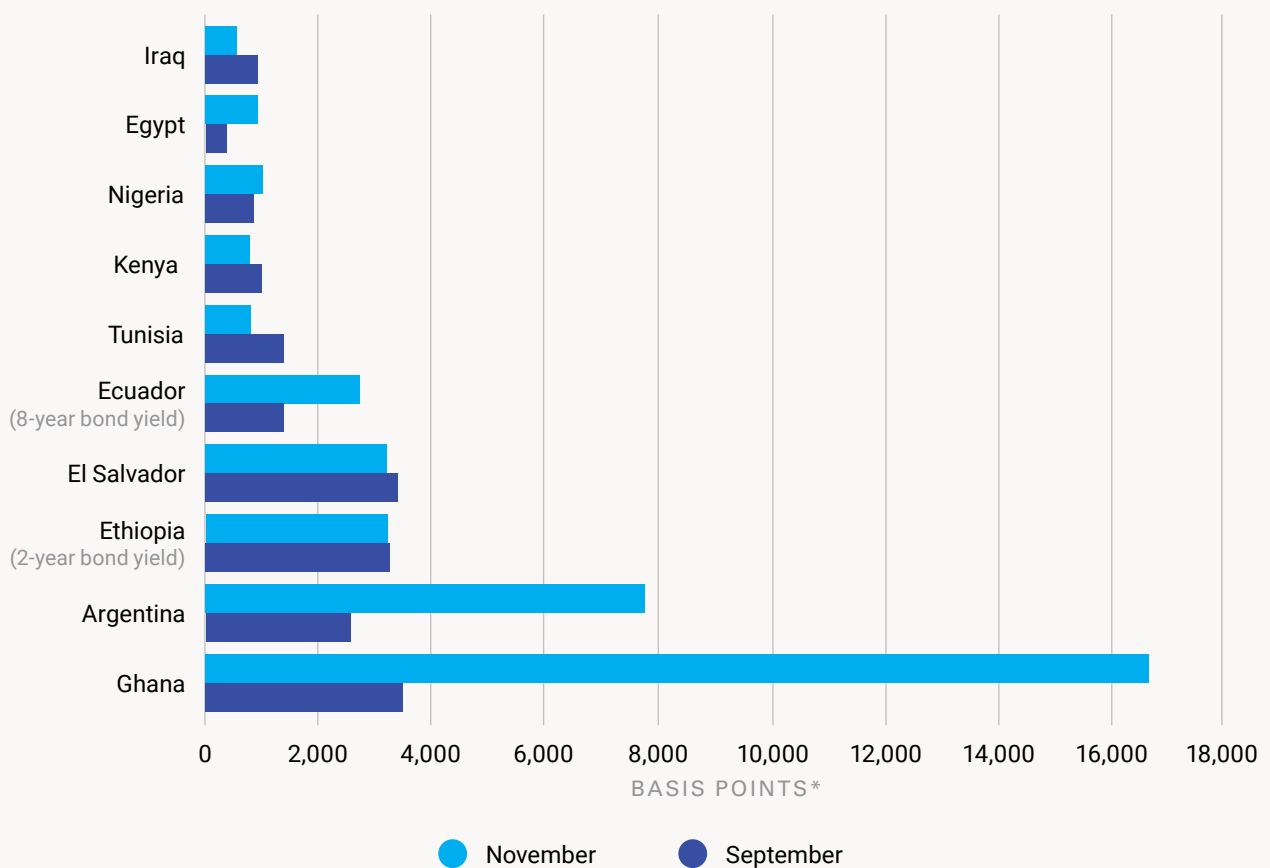
The inability of developing countries to access new external financing and service growing debt burdens is raising alarms that we may witness a worldwide debt crisis in 2023. Several countries have already defaulted and many more are close to doing so. Belize, Ecuador, Lebanon, Mozambique, Russia, Sri Lanka, Suriname, Ukraine and Zambia have all recently defaulted or restructured their debts. The countries most at risk at the end of 2022 were Ghana, Argentina, Ethiopia, El Salvador and Ecuador (Figure 3). Given this context, solutions need to be found to long-simmering debt issues in the coming year. International creditors (e.g., the Paris Club, multilateral creditors, private investors and China) will also need to focus their efforts in a coordinated and proactive fashion to avoid widespread defaults.

If countries are allowed to default, the cost for children will be formidable and lasting. A recent study assessing 131 defaults since 1900 found that poverty rates exceeded their pre-crisis levels by roughly 30 per cent shortly after default, and remained elevated a decade later. The same study found that 10 years after default, defaulting countries had 13 per cent more infant deaths every year, with surviving infants expected to have shorter lives.

Today's tightening monetary policy also represents the end of a long era of so-called cheap money, in which interest rates reached sustained historic lows, offering high liquidity and driving a relaxed approach to risk and self-discipline in the financial sector. Further interest rate increases could

reveal systemic weaknesses in that sector and unleash systemic instability that feeds back into the real economy on which children’s livelihoods depend. The global financial crisis of 2008 provides a stark reminder of the fallout associated with financial instability. It triggered not just a historic global recession, but also a period of economic austerity with catastrophic effects for children in terms of child poverty, reduced public investment in children, and social decline.

FIGURE 3: TOP 10 COUNTRIES AT RISK OF SOVEREIGN DEFAULT



Note: A Credit Default Swap (CDS) is a type of contract investors use to insure themselves against sovereign default. The more risky a country’s debt is considered, the higher the price of insuring against that country defaulting on its debt (the spread). For this chart, CDS spreads are shown on a 5-year bond unless otherwise specified. *100 basis points equals 1 percentage point, and 1,000 basis points equals 10 percentage points.

Source: Bloomberg Terminal, data accessed November 21, 2022.

To mitigate the impacts of a prolonged period of economic austerity, countries at risk of recession should expand policy measures that offer direct financial support to, and social services for, vulnerable families. At a bare minimum, child and family benefits, particularly for those most affected by increased inflation and a rising cost of living, need to be ring-fenced.

Child poverty in 2023

Strong gains in reducing child poverty before the pandemic have been lost to COVID-19 and its impacts. The fallout from both the war in Ukraine and rising global inflation in 2022 have further stymied progress and prevented a return to the pre-pandemic trend.

All those challenges remain, and little to no progress is expected this year. As a result we project that one in four children will be living below the poverty line in 2023 (Figure 4).

The failure to catch up to the pre-pandemic trend in child poverty reduction is particularly worrisome. If projections materialize, the 2023 child poverty rate, according to national poverty lines, will be virtually the same as in 2019. We may now be on a permanently lower trajectory for reducing child poverty – which means that millions of children may now spend more time living in poverty, enduring real deprivations with life-long consequences (Figure 5).

However, there is still space for decisive action to return to, and even potentially improve on, the pre-COVID trend. The experience of the pandemic showed that it is possible to significantly expand social protection systems to ensure sharp economic downturns do not hamper families' ability to meet basic needs and make necessary investments to lift children out of poverty. Yet the growing debt burden of countries means that many governments will be constrained in their response to the polycrisis, demanding a greater investment by the international community to support the most affected populations.

FIGURE 4: PERCENTAGE OF CHILDREN LIVING UNDER NATIONAL POVERTY LINES: TRENDS AND PROJECTIONS

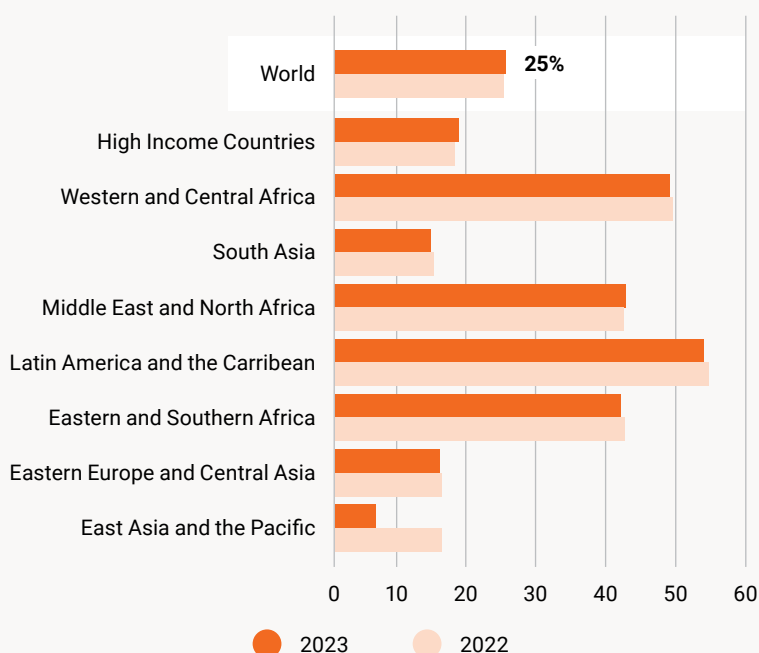
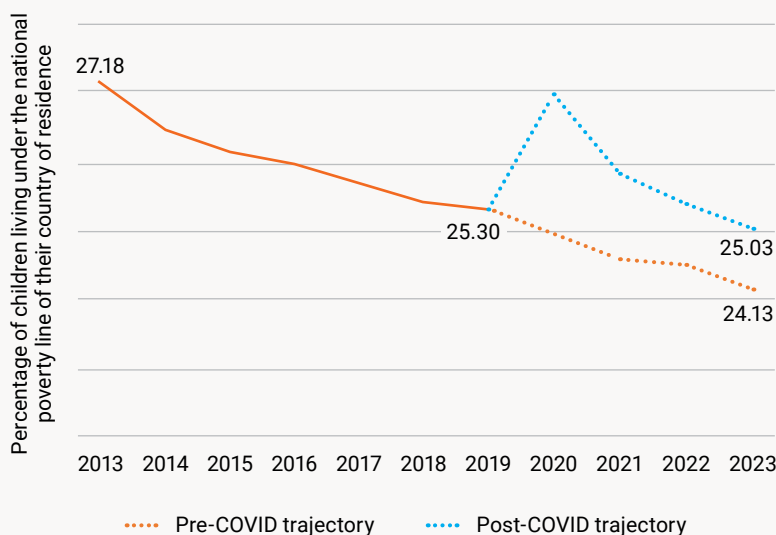


FIGURE 5: CHILDREN LIVING UNDER NATIONAL POVERTY LINES, PRE-COVID AND ESTIMATED CURRENT TRENDS



Note: The methodology follows a two-phase approach pioneered by Dean Jolliffe and Espen Beer Prydz (2016). First, we derive national poverty lines in 2017 PPP terms implied by a country's income/consumption distribution and reported national poverty rate using World Bank data. We then model the relationship between GDP per capita and PPP, and use that to predict 2023 national PPP poverty lines. The predicted poverty lines, together with the IMF's GDP per capita projections for 2023, are then used to project national poverty rates. Finally, the relationship between national poverty and child poverty is derived from UNICEF estimates of children in households with monetary poverty in 2020.

Source: UNICEF estimates based on national statistics and data from the World Bank's [Poverty and Inequality Platform](#) and [PovCalNet](#) as well as the [IMF](#), accessed January 4, 2023.

3. Multiple factors will contribute to continued food and nutrition insecurity – with increasing calls for greater climate adaptation and food systems reform to prevent food poverty in children.

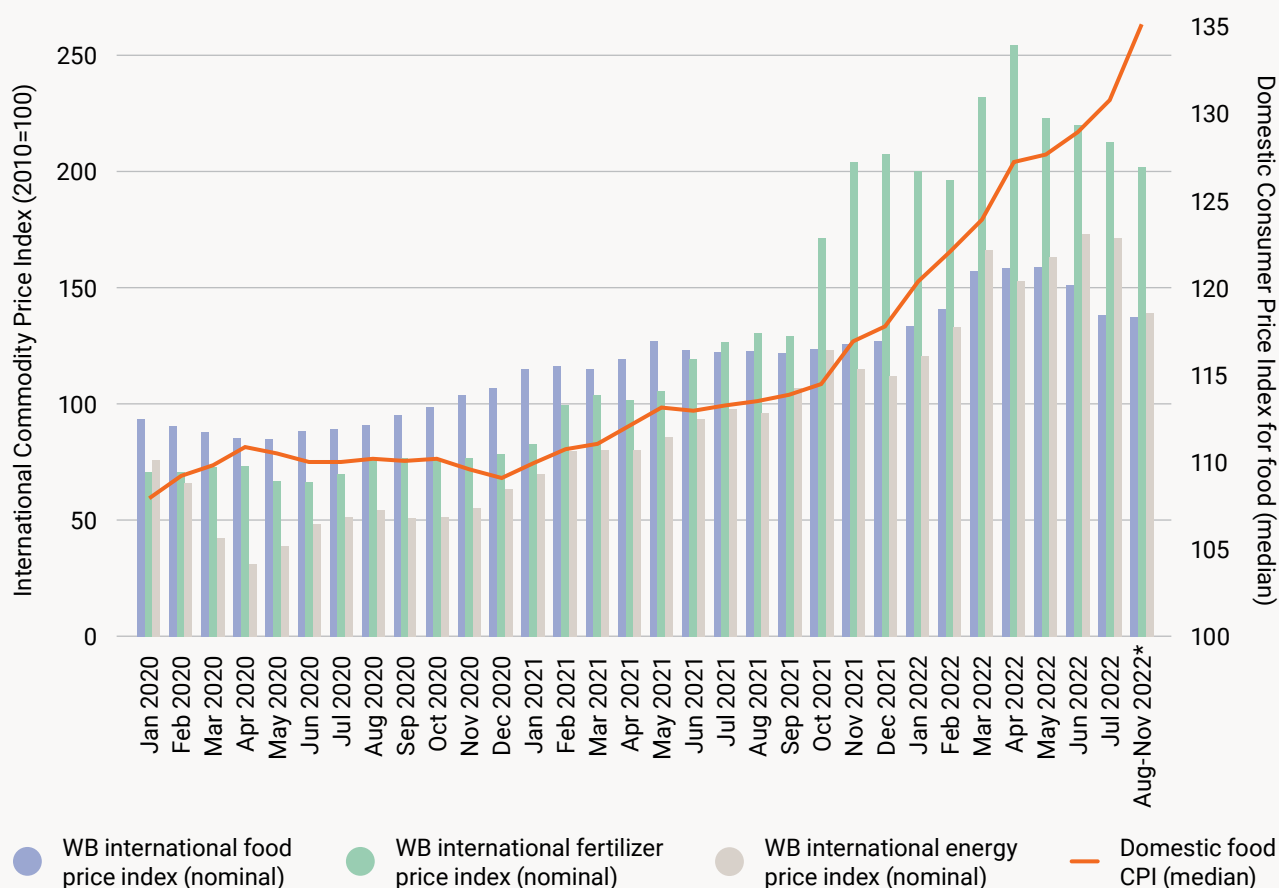
Global food and nutrition insecurity has been on the rise in the past several years, due in large part to extreme weather events and, more recently, supply chain bottlenecks lingering from the pandemic. The war in Ukraine, coupled with other related shocks, has driven food prices even higher, preventing families around the world from providing nutritious food for their children. Challenges for global food security will continue in 2023 amid an expected tight cereal supply, high energy and fertilizer costs, continuing conflicts and the persistent effects of climate change. The volatility of food prices and food availability, and ensuing food insecurity, have revealed serious shortcomings in the global food system and intensified calls for reform.

Following the Russian war with Ukraine, international food prices – especially for cereals and vegetable oils – reached historic highs, as the two countries are top exporters of important cereals and oilseeds. Prices have since declined but remain historically elevated, including when compared to past food crises. In 2022, domestic food price inflation rose significantly but has not followed the downward trend in international prices seen in the third and fourth quarters of 2022 (Figure 6). Domestic food prices will remain high in 2023; the effects of lower international prices on domestic markets and retail food prices will only be felt after a 10–12 month lag. Countries facing protracted food crises before the onset of COVID-19 and the Ukraine war are among those now hardest hit by domestic food price inflation.

Multiple factors will continue to contribute to food insecurity in 2023:

- **Global cereal supplies will remain tight**, reflecting diminished production of corn and rice and the lower availability of wheat stocks. Despite bumper crops in some parts of the world, reduced wheat harvests in Ukraine and severe weather events (such as the advent of La Niña in late 2022 and early 2023) risk negatively impacting global food supplies in 2023. Additionally, importing countries will have reduced purchasing power due to currency depreciation against the US dollar, potentially resulting in a 10 per cent decline in food imports.

FIGURE 6: TRENDS IN INTERNATIONAL FOOD, FERTILIZER AND ENERGY PRICES VS. DOMESTIC FOOD PRICES



Note: WB = World Bank. We calculate Domestic Consumer Price Index (CPI) for food as the median of food CPI values for a sample of 109 countries for which data for at least one month between August and November of 2022 was available. *For the period August-November 2022, the latest month for which food CPI information is available is used.

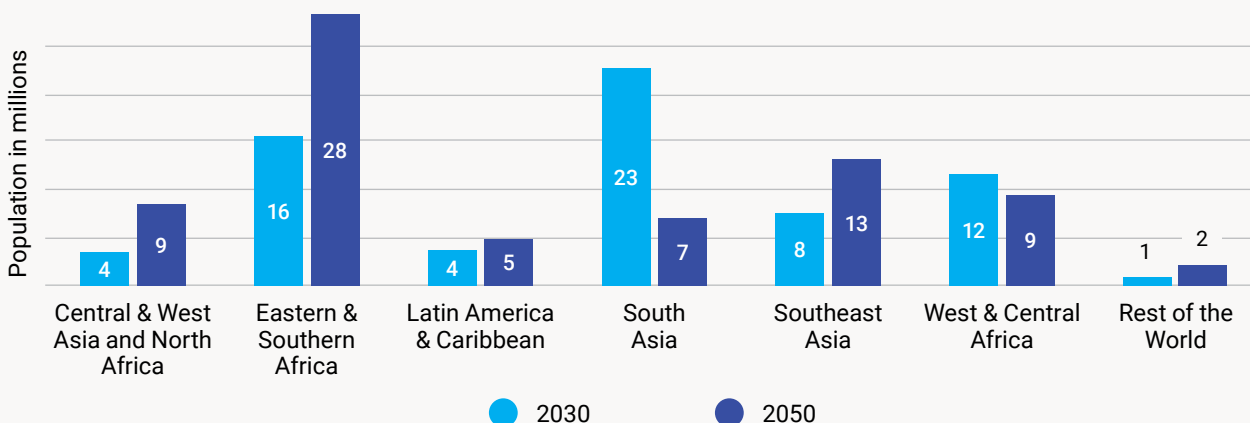
Source: Data on international commodity price index for food, fertilizers and energy is extracted from [World Bank Pink Sheet](#), December 2022. Median domestic food CPI is calculated based on data extracted in early December 2022 from the [IMF CPI database](#).

- Logistical bottlenecks continue to plague supply chains.** The United Nations-brokered Black Sea Grain Initiative, which allows safe passage for food exports from some Ukrainian ports, has been essential to reducing global food shortages, but challenges remain. Grain export volumes from Ukraine are still lower than they were before the war, amid congestion-related delays and higher shipping, freight and insurance costs. The Initiative is vital to food security: If suspended or not renewed, global wheat and corn supply would be reduced and cereal prices would rise by 10 per cent within a year.
- Export restrictions continue to pressure food prices.** Export restrictions have eased in the past few months but more than 7 per cent of global trade in calories and 20–22 per cent of global trade in fertilizers remain impacted. Export controls can have unintended consequences: In reducing global supply, they also increase global prices. Export restrictions are underregulated at the global level, and current World Trade Organization (WTO) rules disadvantage net food-importing countries.

- **Considerable knock-on effects of volatility in energy and fertilizer markets will be felt on food production and prices in 2023.** Food prices are sensitive to movements in energy markets, as fossil fuels are used to manufacture fertilizers and pesticides, power transportation infrastructure, and run agriculture machinery. Fertilizer prices have been rising since 2021 and peaked after the start of the war in Ukraine. Despite some reprieve in recent months, fertilizer affordability remains low. A report from the Food and Agriculture Organization of the United Nations (FAO) and the WTO forecasts that a fertilizer shortage will limit agricultural production and increase food insecurity. These impacts will be especially felt by import-dependent countries in Africa. These problems prompted a number of initiatives to bring fertilizers to the region, including building local production capacity.

While conflict and other recent crises have undermined food availability, **the climate crisis is now the biggest structural threat to global food and nutrition security.** Without changes in food systems and adapting agricultural production to climate change, millions more people are at risk of falling into poverty. Agricultural production is among the most climate sensitive of all economic sectors. Increases in the number and severity of climate events are a particular threat to breadbasket regions; corn, soy and rice are highly susceptible to extreme weather. For areas of the world that are already facing water shortages, climate change poses a threat to agricultural production in 2023. Diminishing water supplies; increases in severe weather events such as floods, severe storms and heatwaves; and an increased spread of pests and infectious diseases threaten food production in regions around the world.

FIGURE 7: CHANGE IN NUMBER OF PEOPLE AT RISK OF HUNGER DUE TO CLIMATE CHANGE IN 2030 AND 2050, COMPARED TO A NO-CLIMATE-CHANGE SCENARIO



Note: The change in the number of people at risk of hunger is calculated as the difference in total population at risk of hunger in 2030 and 2050 in a climate change scenario versus the total population at risk of hunger in 2030 and 2050 under a no-climate-change scenario.

Source: International Food Policy Research Institute (IFPRI), 'IMPACT Projections of Hunger With and Without Climate Change: Extended Country-Level Results for 2022 GFPR', International Food Policy Research Institute, Washington DC, 2022, accessed January 24, 2023.

Climate change will negatively impact agricultural yields, ramp up prices, and result in about 70 million more people being at risk of hunger globally by 2050, including more than 37 million people in sub-Saharan Africa (Figure 7).

Food insecurity, however, is not inevitable. At the Atlantic Council's [Global Food Security Forum](#), held on the sidelines of the G20's summit in November, leading officials and experts from around the world acknowledged the difficulties facing today's global food system, but also expressed genuine hope that humankind can solve the multifaceted problems that give rise to hunger by investing in feasible solutions that exist today, or are coming soon. Some [policy recommendations](#) that came out of the Forum include: strengthening global norms and laws against the [weaponization of food](#) and use of grain export controls; expanding financial instruments for emergency humanitarian relief; making the world's food system more resilient and sustainable through diversification and investment in nature-based solutions, appropriate fertilizers and agricultural extension; and increasing investments in innovation, ranging from research and development to on-farm applications.

SPOTLIGHT

Nutrition of women and children

The food crisis is already negatively impacting children – a trend that will continue into 2023.

Across LMICs today, [two in three children](#) are in food poverty – i.e., not receiving a sufficiently diverse diet to develop to their full potential. Of these children, 220 million are living in severe food poverty, meaning they receive only two of eight essential food groups and are severely lacking essential nutrients. Across [15 of the worst-affected countries](#), one additional child with severe wasting – or acute malnutrition – is being added to this statistic every minute. Children who do not receive adequate nutrition are at risk of poor

neurological development, learning and physical growth; lowered immunity; and even death.

If real food prices continue to rise in 2023, the number of children suffering from food poverty, including severe food poverty, could rise further. Risks are greater for the poorest children and those living in rural households. Further, an increase in severe food poverty threatens to push already vulnerable children into acute malnutrition. On average, a 5 per cent increase in the real price of food leads to a [9 per cent increase](#) in the risk of wasting and a 14 per cent increase in the risk of severe wasting.

The price of ready-to-use therapeutic food also [increased by 16 per cent](#)

in 2022; if these costs remain high in 2023, treatment may remain elusive for hundreds of thousands of children unless resources are increased. The [food security gender gap](#) that more than doubled during the COVID-19 pandemic is particularly worrying for pregnant and breast-feeding mothers. The number of women assisted by the World Food Programme nearly doubled in 2022. By early 2023, the number of people who need urgent assistance is likely to climb to [222 million people](#). [UNICEF's No Time to Waste Acceleration Plan](#) advocates for the early prevention, detection and treatment of child wasting, particularly among the most vulnerable: the youngest, the poorest and those left behind by humanitarian crises.

4. The worsening energy crisis may cause immediate harm to children — but the focus on energy sustainability provides hope for a greener future.

Children from poor and vulnerable families will be most impacted by ongoing energy price shocks around the world. While many governments are implementing policies aimed at mitigating the impact of high energy costs on families and businesses, the most vulnerable will be forced to make tough choices on household spending. In households, energy security translates into the ability to heat, cool and light one's home and refrigerate and cook food – all while affording other necessities, like rent, food, clothing, transportation, childcare and medical care. On a positive note, the energy crisis has underscored the need to move away from fossil fuels and accelerate the transition to green energy. Such a transition will enhance energy security and sustainability in the long run while also presenting opportunities for youth employment.

International energy prices have risen sharply amid the Russia–Ukraine conflict. Prices had been rising since 2021, driven by demand recovery from the pandemic. Supply disruptions related to the war then pushed prices even higher. Russia is the world's second-largest exporter of crude oil, and supplies 40 per cent of all imported gas to the European Union (EU). Russia's decision in summer 2022 to shut off the Nord Stream pipeline to Europe therefore put additional pressure on natural gas prices, which saw an unprecedented spike in the third quarter of 2022.

For billions of people around the world, energy prices are driving sharp increases in the cost of living. The combination of food and fuel price hikes has raised the average cost of living globally by more in the last 18 months than it has over the past five years combined. While global energy prices have declined in recent months, domestic energy prices have yet to see a similar downturn (Figure 8). One reason is that the appreciation of the US dollar has made energy imports expensive for many countries, leading to energy shortages and higher local prices.

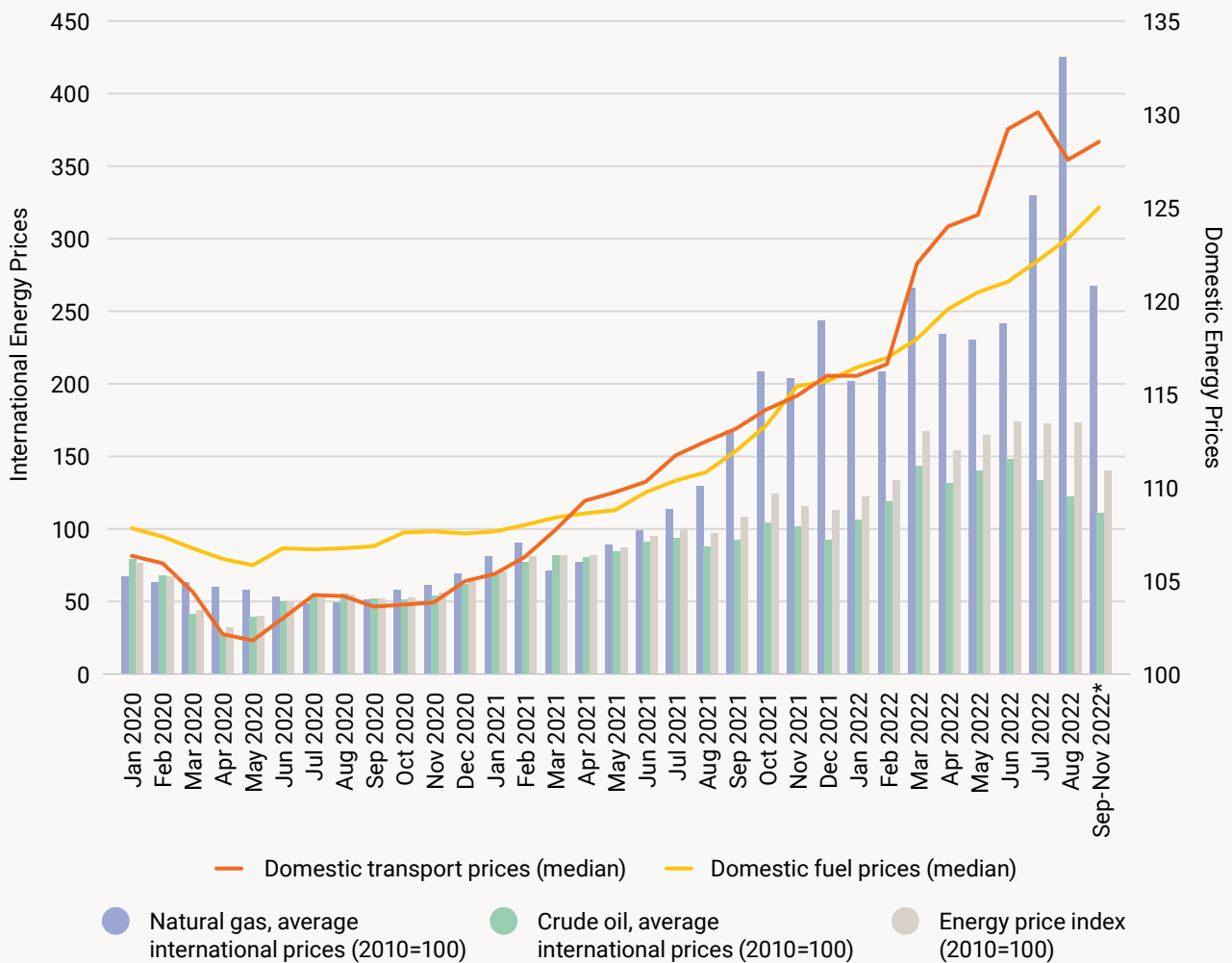
The outlook for energy prices for 2023 remains uncertain. Should a global recession occur, reduced energy demand would put downward pressure on prices, but a tight energy supply would still exert more upward pressure. Further supply disruptions also pose a risk, and there remains considerable uncertainty around the impact that the EU's embargo of Russian oil, and the price cap the Group of Seven (G7) imposed on it in December, will have on global energy prices.



Children are sinking ... literally and figuratively.

— Participant in youth foresight workshops

FIGURE 8: TRENDS IN INTERNATIONAL VS. DOMESTIC ENERGY PRICES



Note: Natural gas prices are the average of prices of natural gas, US, natural gas, Europe, and LNG, Japan. Crude oil prices are the average of prices of Brent, Dubai and WTI crude oils. The energy price index is the weighted average of prices of natural gas, coal and crude oil prices as constructed by World Bank. Natural gas and Crude oil average international prices are rebased with reference year 2010=100, consistent with the World Bank Energy Price Index. Domestic energy price refers to Housing, Water, Electricity, Gas and Other Fuels Consumer Price Index (CPI) whereas Domestic transport price refers to Transport CPI. To calculate domestic fuel and transport prices, median CPI values are taken for a sample of 102 countries for which there was at least one data point available between September and November 2022. Trends look very similar if we increase the sample to include countries with at least one data point available between August and November 2022 or between July and November 2022. *For the period September-November 2022, the latest month for which transport/fuel CPI information is available is used.

Source: Calculation of international energy prices is based on data extracted from [World Bank Pink Sheet](#) December 2022. Median domestic fuel and transport CPI is calculated based on data extracted in early December 2022 from the [IMF CPI](#) database.

The Ukraine crisis and resulting energy disruption has also slowed down progress on energy transition in many countries. Before the Russia-Ukraine war, many countries were on a path to energy transition in line with their commitments under the 2015 Paris Climate Agreement. The conflict has destabilized energy supply and prices globally. But for Europe, the need for energy security has translated into renewed and aggressive efforts to transition away from fossil fuels and dependence on Russia.

European countries' increased need for alternative gas supplies has meant that available energy supplies to poorer countries in Asia and Africa have dwindled – resulting in an aggravated power crisis featuring blackouts, power cuts, rationing of supplies, and shutting schools and businesses. The poor and marginalized, including children, are most vulnerable to energy and food price shocks. In LMICs, where energy poverty was already an issue, increased shocks to prices and supply will continue to negatively affect maternal, infant and child health through decreased nutritional intake and a higher incidence of morbidity. During winter in Europe, low-income families are facing stark choices, such as choosing between the nutritional and other needs of their children or paying utility bills. Some may resort to measures like burning wood, coal or plastic, which increase outdoor and indoor air pollution and harm children's health.

WHAT YOUNG PEOPLE ARE SAYING

About energy

Anxiety about the climate crisis among young people is reportedly on the rise globally. Young people in UNICEF's youth foresight workshops discussed their concerns about the shrinking pool of natural resources, and how competition is likely to lead to further human rights violations, inequality and

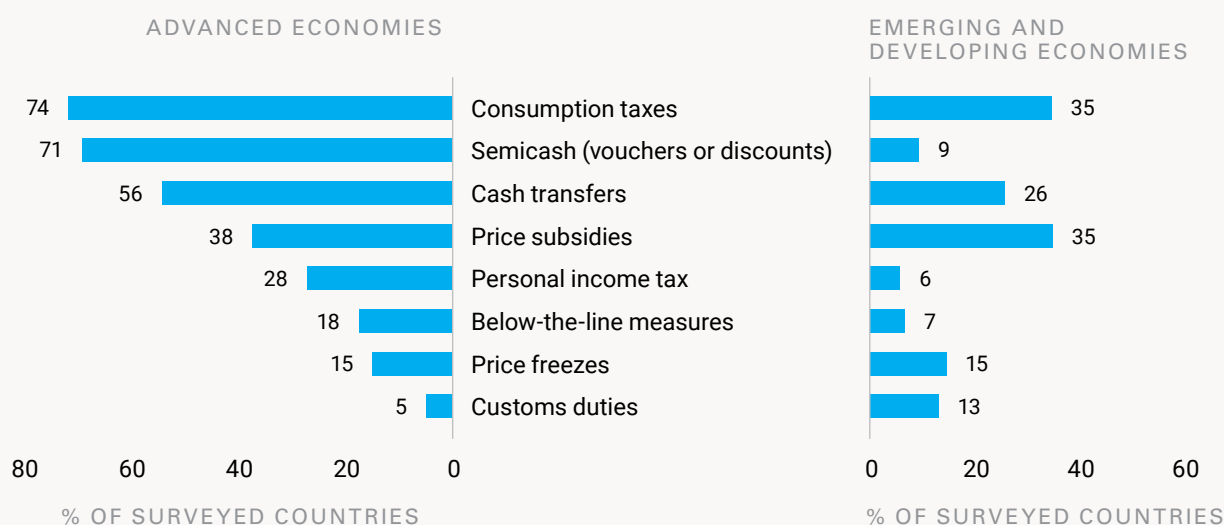
access issues, particularly for vulnerable populations. Sustainable resource management can only be accomplished if it is done in collaboration with local communities and utilizes indigenous knowledge, according to the workshop participants. Loss and damage finance also figured prominently in the discussions during the youth foresight workshops. Young people

acknowledge that despite challenges in calculating amounts owed, loss and damage financing must be integrated into climate finance arrangements. On the positive side, young people are excited at the opportunity that increased investments in renewable energy and green jobs bring for their futures, as well as for the health of the planet.

To offset the negative impact of energy prices on consumers, governments are (re)introducing energy subsidies, which can have adverse consequences for energy prices and the clean energy transition (Figure 9). Both advanced and developing economies have introduced price subsidies and tax cuts to limit the impact of global price increases on domestic consumers. These policies come on top of increased energy subsidies seen in 2021. Price subsidies or cuts in energy taxes are politically popular but difficult to reverse when global prices go down. In fact, when many countries implement these energy subsidies in parallel, higher global energy prices can result. The subsidies, then, raise fiscal deficits while failing to protect the poor. Targeted transfers to low-income households are more effective in mitigating the impact of rising prices, according to IMF simulations. Energy subsidies also discourage the adoption of clean energy technologies.

The International Energy Agency remains optimistic that the end of fossil fuel use is not far off, forecasting that investments in clean energy will rise by 50 per cent by 2030 and global emissions will peak by 2025. While the US, EU and China are already accelerating their transitions to green energy, support for developing countries both technically and financially needs to increase dramatically.

FIGURE 9: MEASURES TAKEN BY COUNTRIES IN RESPONSE TO HIGH ENERGY PRICES



Note: Based on an IMF survey of 174 countries on the measures taken from January to June 2022 in response to rising food and energy prices. Only those measures which are implemented in at least 10 per cent of surveyed Advanced Economies or Emerging and Developing Economies are shown. Graph includes measures that cover either energy or both energy and food.

Source: International Monetary Fund, 'Helping People Bounce Back', *Fiscal Monitor*, IMF, Washington DC, 2022, p 11. Figure 1.9, calculations based on underlying data.

Such increased investments in renewable energy will not only foster energy security and independence but also improve results for children and young people. Clean, safe and reliable electricity for health centres; lighting, cooling and heating of homes and schools; and energy-efficient cookstoves reduce air pollution and contribute to better health and education outcomes for children and young people. If well managed, the clean energy transition also has the potential to create new jobs for young people. A renewed push toward green energy in 2023 would create a momentum for investments in green jobs. Green economy investments in areas such as clean and renewable energy, construction, and sustainable agriculture would lead to the creation of additional 8.4 million jobs for young people by 2030.

However, young people do not feel adequately prepared to take up these green jobs, with young women feeling less skilled than young men. Women are already underrepresented in fast-growing green energy sectors that require high-level technical skills such as wind energy, transport and construction. This gender segregation could potentially be recreated in future job markets unless more young women are able to train in relevant skills areas. Focus group discussions with young people in India, Jordan, Kenya, the United Kingdom (UK) and the US found that some young people did not see green jobs as viable career paths because of misconceptions and low awareness. Preparing young job seekers, particularly women and girls, to enter job markets, and working with governments and companies to change business and recruitment practices, needs to be a critical part of a green transition agenda.

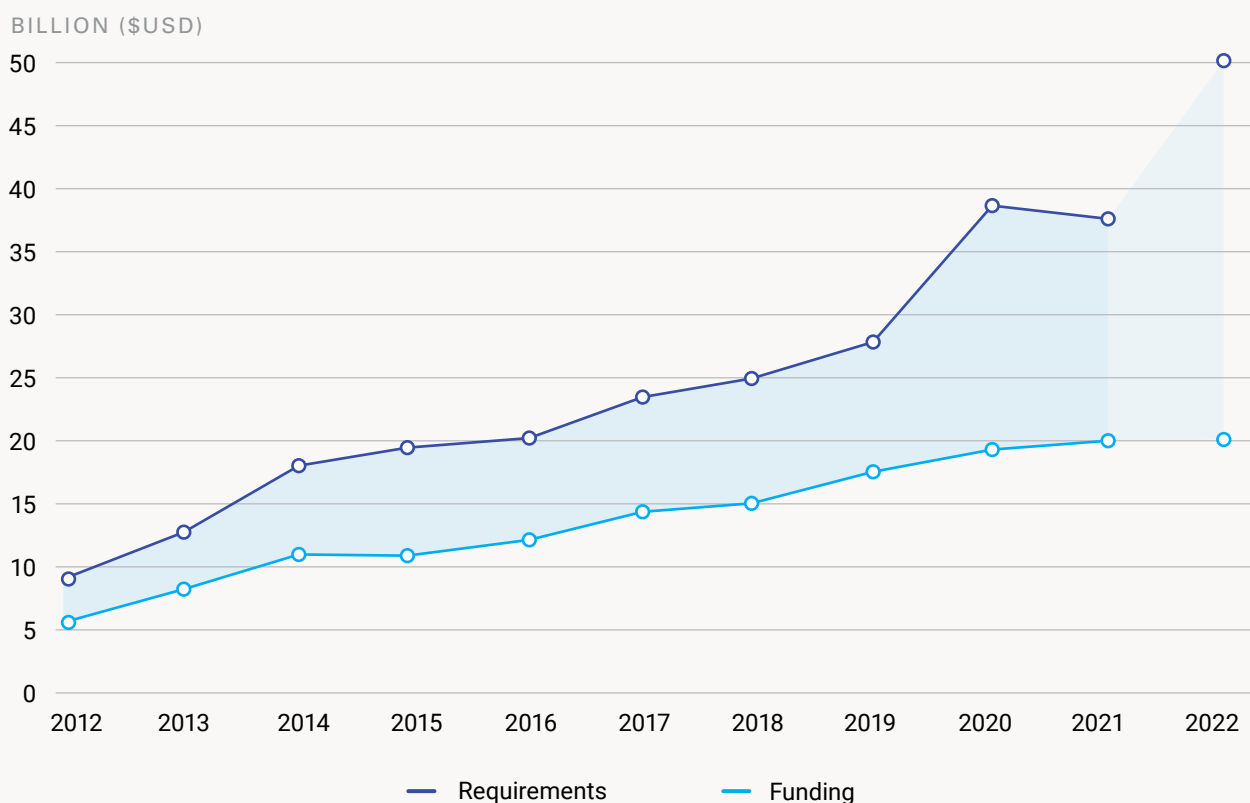
5. Unmet needs and underinvestment in children warrant reforms of financial flows to developing countries — while renewed attention on climate finance and debt relief holds promise.

Developing countries face multiple headwinds as they deal simultaneously with pandemic recovery, the climate crisis and economic stress. International resource flows to developing countries are not rising to meet these needs; on the contrary, major donor countries (OECD-Development Assistance Committee members) are de-prioritizing foreign assistance in favor of domestic problems and external threats. Without reforms to unlock additional development finance, resources will be spread increasingly thin and urgent needs will be left unmet. The year ahead may see the start of such reforms, but it is unclear whether they will go far enough, and whether such a paradigm shift would ultimately benefit children.

The pandemic has left many developing countries strapped for cash. The economic impacts of COVID-19, including the large fiscal outlays required by governments, have further strained already-precarious fiscal balances. The 2021 recovery that saw developed countries rebound eluded most of the developing world. Additional stresses, including climate-induced disasters and food insecurity, have increased resource needs and widened the financing shortfall to achieve the SDGs by 50 per cent to at least US\$4 trillion since the start of the pandemic.

Precisely when the need is greatest, aid flows to developing countries appear to be under threat from multiple fronts. The amount of official development assistance (ODA) reaching developing countries decreased in 2022, at least partly due to a reallocation of these funds to support Ukrainian refugees within donor borders (known as in-country ODA). There are also signs that additional military spending in some developed countries may be crowding out aid. With economic, energy and refugee crises converging in developed countries, ODA stands to lose out. Foreign aid cuts have disastrous consequences for children. In Chad, for example, cuts have already forced the World Food Programme to deliver half rations, even as the number of malnourished children admitted in health centres increases. Meanwhile at least 40,000 Syrian children are out of school as a direct result of aid cuts.

FIGURE 10: GLOBAL HUMANITARIAN APPEALS AND FUNDING AS OF OCTOBER 2022



Note: The shaded area indicates the gap between requirements and funding.

Source: United Nations Office for the Coordination of Humanitarian Affairs, 'Global Humanitarian Overview 2022', OCHA, New York, 2022.

Humanitarian funding is also under severe stress as needs increase (Figure 10). Non-Ukraine humanitarian financing is severely underfunded, with several 2022 United Nations appeals for Myanmar, Burundi and Haiti funded at well below 20 per cent. The situation reflects a long-running trend of humanitarian funding being at least partially driven by media attention, leaving protracted emergencies that have fallen out of the media cycle underfunded. The United Nations' 2022 humanitarian appeal of US\$51.7 billion was only 50 per cent funded, which does not bode well for the similarly-sized 2023 appeal. Meanwhile, the number of forcibly displaced persons worldwide has surpassed 100 million, including 41 million children. Approximately 339 million people (or 1 in 23) will require humanitarian aid in 2023, including at least 110 million children.

Another area of increased need in developing countries is climate finance. Climate-related flows have increased in recent years, with total flows reaching US\$83 billion in 2020 and lending by Multilateral Development Banks (MDBs) growing by 24 per cent in 2021. However, funding is still short of the US\$100 billion per year commitment made by developed countries in 2009 at the United Nations Climate Change Conference (Figure 11, page 30). And funding is orders of magnitude below the minimum of US\$1 trillion per year that experts estimate is needed for mitigation and adaptation in developing countries.



Read UNICEF's recommendations for safeguarding the rights and well-being of children regardless of their location or migration status: ***Guiding Principles for Children on the Move in the Context of Climate Change***

The consequences of climate change for children transcend borders and highlight the blurred lines between humanitarian and development action. Climate change both undermines child well-being and helps drive humanitarian crises. Twelve of the 15 countries most vulnerable to climate change experienced an international humanitarian response in 2022. Climate change causes child displacement, worsens conflicts and threatens food security, which itself sits at the intersection of development and humanitarian activities. A proposal known as the Bridgetown Initiative, set forth by the Prime Minister of Barbados ahead of COP27, articulates two sets of reforms around climate that developing nations have long called for.

The first set of reforms is aimed at International Financial Institutions (IFIs) increasing their climate lending. It calls for MDBs to mobilize US\$1 trillion of climate financing for developing countries. It also calls on the IMF to issue US\$650 billion worth of Special Drawing Rights (IMF-issued reserves that member countries leverage for finance) to seed a Climate Mitigation Fund. Such a fund could invest up to US\$5 trillion in private climate mitigation projects. In addition, addressing developing countries' debt burdens is a prerequisite to effectively mobilizing climate financing. There are calls for the IMF to reinstate the COVID-era Debt Service Suspension Initiative (DSSI) and rapid credit and financing facilities, temporarily suspend interest surcharges, and for the IMF and MDBs to normalize disaster and pandemic clauses in their loans.

These proposals have already had some impact: The World Bank Board of Directors has tasked the institution with developing reforms to enhance climate finance, which will be discussed during the 2023 Spring Meetings.

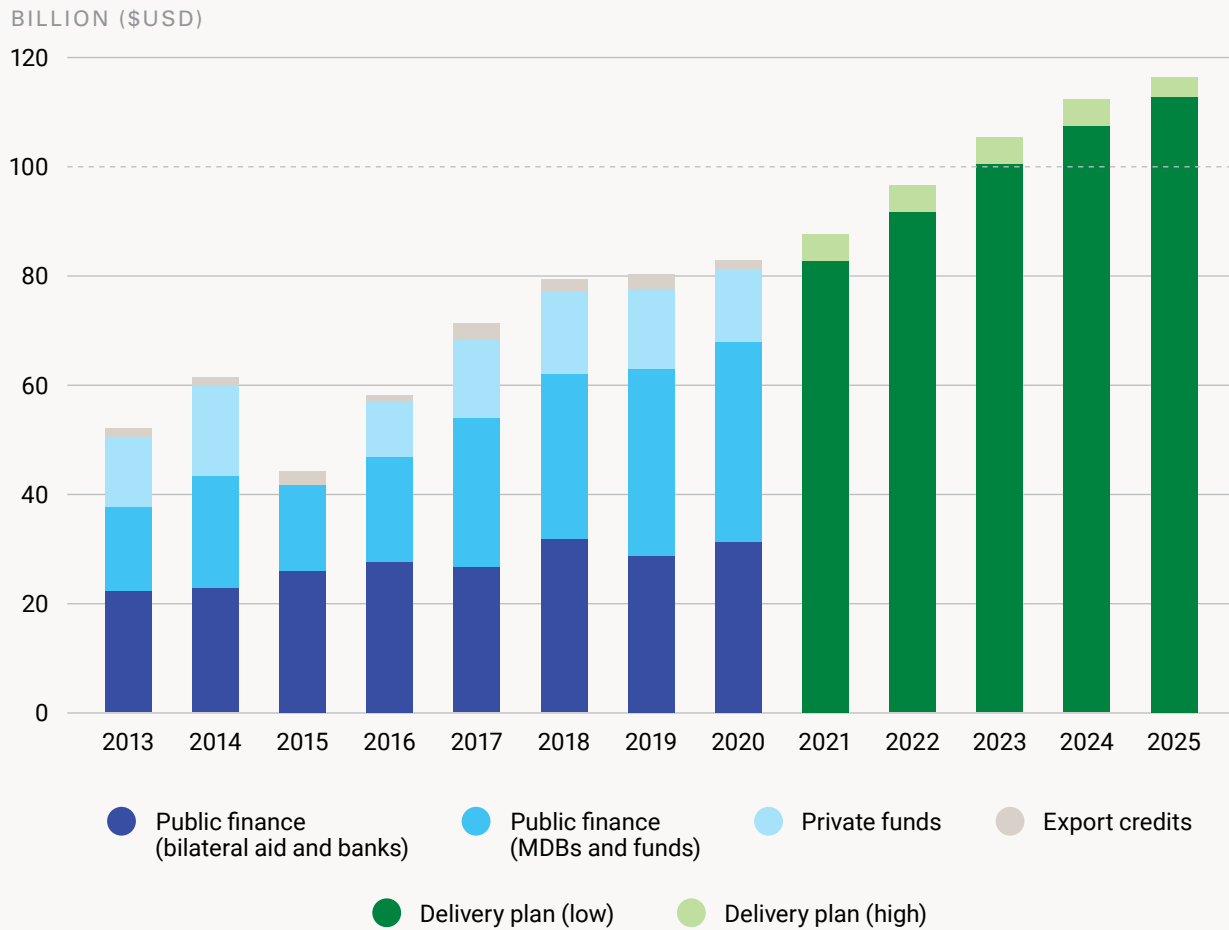
Another set of reforms the Bridgetown Initiative calls for is the establishment of a Loss and Damage Fund that would funnel US\$200 billion in grants per year to countries affected by climate disasters. Funds would be generated through a levy on fossil fuel production or an international carbon border tax. An agreement to formally establish the Fund was reached at COP27 in November, and steps to operationalize it will be decided at COP28 this year.

While the conversation about resource flows from developed to developing countries has become more climate-focused, several questions remain.

First, it is uncertain whether the proposed reforms will be implemented and lead to the necessary disbursements. Plans to scale up climate finance through reform of IFIs hinge largely on their ability to leverage callable capital (funds pledged to an MDB by shareholders but not disbursed), which will require congressional or parliamentary approval in shareholder countries. The same applies to proposals for bankrolling the Loss and Damage Fund through taxation. Such approval is uncertain given recent changes in the balance of political power and anti-foreign-aid narratives ascendant in several major donor countries. Even if the reforms pass,

there is no guarantee they will translate into disbursements: As noted in our [Global Outlook 2022](#), neither the [2009 COP15 commitment](#) to provide US\$100 billion per year in climate finance nor the [0.7 per cent of Gross National Income](#) pledge agreed by Organisation for Economic Cooperation and Development (OECD) member countries in 1970 have been realized.

FIGURE 11: CLIMATE FINANCE FLOWS FROM DEVELOPED TO DEVELOPING COUNTRIES – DELIVERED AND PLANNED



Source: Josh Gabbatiss, 'Explainer: How can climate finance be increased from "billions to trillions"?' *Carbon Brief*, UK, 2022, accessed 23 January 2023.

Second, it is not certain who will pay into – and who will benefit from – the Loss and Damage Fund. A fair mechanism would recognize the heterogeneous needs of developing countries, from Small Island Developing States to large emerging economies hit by major climate disasters, such as Pakistan. It would also take into consideration that some countries, notably China, are both responsible for significant carbon emissions and themselves vulnerable to climate change.

Third, perennial questions of greenwashing and crowding out non-climate flows to developing countries will continue to be a concern in 2023.

Moving from a paradigm in which climate finance and development finance were separate to one in which climate finance is much more the focus could help increase overall flows. But there is also a danger it could open the door for developed countries to ramp up their [re-labelling of development aid](#) as climate finance or [count](#) contributions to the Loss and Damage Fund as humanitarian funds (so-called greenwashing). It is also possible that developed countries re-allocate development and humanitarian funds toward climate at the expense of non-climate sustainable development and life-saving interventions.

Recent attention to expanding and reorienting international financial flows to developing countries has led to promising developments. For example, if pursued, proposals to reintroduce the DSSI and capitalize the Loss and Damage Fund would provide immediate relief to countries strapped for cash. A trend toward [increased South-South cooperation](#) may also enhance prospects for flows to developing countries; lending among LMICs has accounted for about a fifth of loan financing globally over the last 10 years. To ensure these endeavors benefit children, they must be designed in a way that accounts for their needs – now and in the future.

SPOTLIGHT

**Education financing:
Falling short of rising
need**

Education financing will be a battleground issue in the near term. Needs have increased since the pandemic while allocations decline.

Thanks to setbacks to education progress during the pandemic, the cost of achieving the SDG in education by 2030 has increased by [US\\$205–\\$335 billion](#). Yet allocations to education are not keeping pace.

Since the onset of the pandemic, education’s share in total government expenditure declined in more than 60 per cent of countries in 2020 and 2021; 2022 looks set to follow a similar trend based on available data. The share of official development assistance earmarked for education has declined since the pandemic. The 2021 humanitarian response received only [22 per cent](#) per cent of what was required in 2021 – far less than apportioned to other sectors. [Allocations are also not equitable](#). In low-income countries, for instance,

11 per cent of public education resources goes to the poorest children, while 42 per cent goes to the richest children, according to UNICEF’s Brief on [Equitable Financing for Education](#). There had already been a financing gap to achieve the SDG in education before COVID-19. The combination of higher financing needs, soaring inflation and a tighter fiscal outlook post-COVID could increase this gap by almost a third. Children from low-income households will be particularly impacted.

6. Threats to democratic rights such as freedom of expression are expected to continue — but social movements, including those led by young people and women, are likely to push back.

The level of democracy that the average global citizen experiences is at its lowest in 30 years (Figure 12). Over the past several decades, autocracies have been on the rise, as leaders weaponize polarization, misinformation, propaganda and corruption to seize or hold onto power. Autocracies are more likely to impose restrictions on child rights – especially those that guarantee civil liberties and freedoms.

Freedom of expression – a fundamental right of children – is the most imperilled democratic norm today. Repression of civil society and media silences young people and anyone not in lockstep with a regime. Restricting free expression and curbing other rights leads to distrust in public institutions, which in turn weakens social cohesion. Social cohesion is a key ingredient for a well-functioning society that provides for the health and well-being of children.

WHAT YOUNG PEOPLE ARE SAYING

About civic engagement and political activism

Youth foresight workshop participants feel that youth activism will grow, and we should expect young people’s engagement to gain more relevance.

Young people will continue to protest against climate change and fight to be more involved as decision makers. They see climate action as their top priority. Young people in the foresight workshops acknowledge that issues around climate and the environment need to be addressed at the same time as socioeconomic inequalities, given how inextricably they are linked. This view reflects their focus on climate justice, and the demand for more

robust climate action accountability mechanisms in each country.

At the same time, young people see many barriers to political engagement, particularly for women, which may contribute to more apathy.

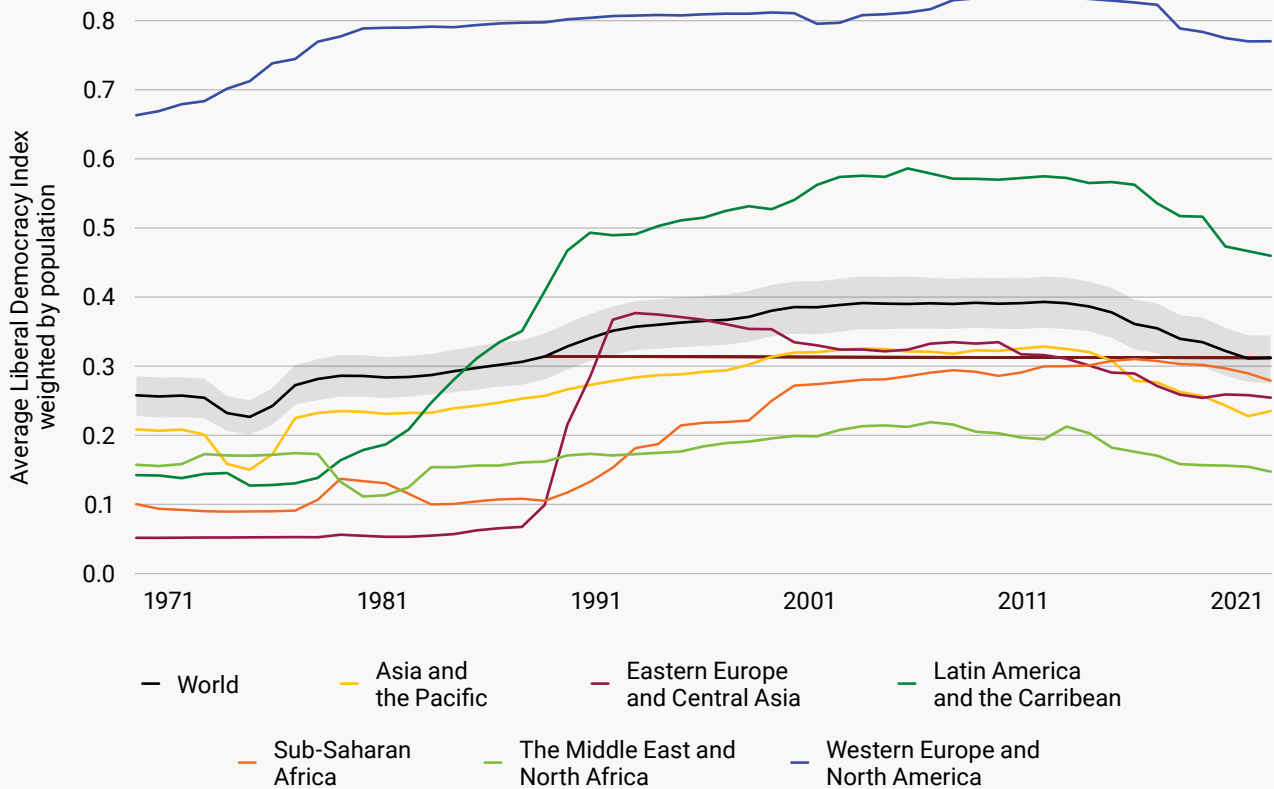
There is no clear path for youth to contribute to many civil society organizations. In addition, social and political polarization may make it more difficult for young people in some countries to explore issues such as women’s and Lesbian, Gay, Bisexual, Transgender, Queer and Intersex (LGBTQI) rights.

Young people in the foresight workshops explored scenarios in which far more women are active

in politics and government. They discussed what impact more women in leadership would have on family-friendly labour policies and action to address gender-based violence.

Even if some young people are becoming disillusioned, they feel that the creation of different forums and groups that offer opportunities for young people’s participation at various levels is a positive trend. Young people’s movements and activism, they say, will become ever more inclusive and diverse, particularly in the fight against the climate emergency.

FIGURE 12: CHANGES IN LIBERAL DEMOCRACY INDEX OVER TIME



Source: V-Dem Institute, 'Democracy Report 2022: Autocratization Changing Nature', V-Dem Institute at the University of Gothenburg, Gothenburg, 2022.

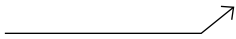
By the end of 2021, just 34 nations representing 13 per cent of the world's population were liberal democracies – a 25-year low. Repression of civil society has increased substantially in 22 nations that are becoming more autocratic. People in a record 35 countries are suffering significant deteriorations in freedom of expression at the hands of governments; 10 years ago, people of only 5 countries were. Even in functioning democracies, election interference, misinformation and election denial have emerged as tools to gain power or disrupt the electoral system.

In the context of democracy's retreat, independent journalism is under increasing pressure. The dominance of business models that incentivize misinformation and disinformation, growing crackdowns on press freedom, and ongoing threats against journalists contribute to this trend.

The prospects that the overall quality of information – a key driver of trust – will improve in 2023 appear slim. Young people need access to reliable and verifiable information to hold leaders accountable, feel agency in their lives, and develop connections with their communities and the world. A well-informed citizenry can effect positive change. By contrast, disempowering journalists and eroding media institutions undermines trust,



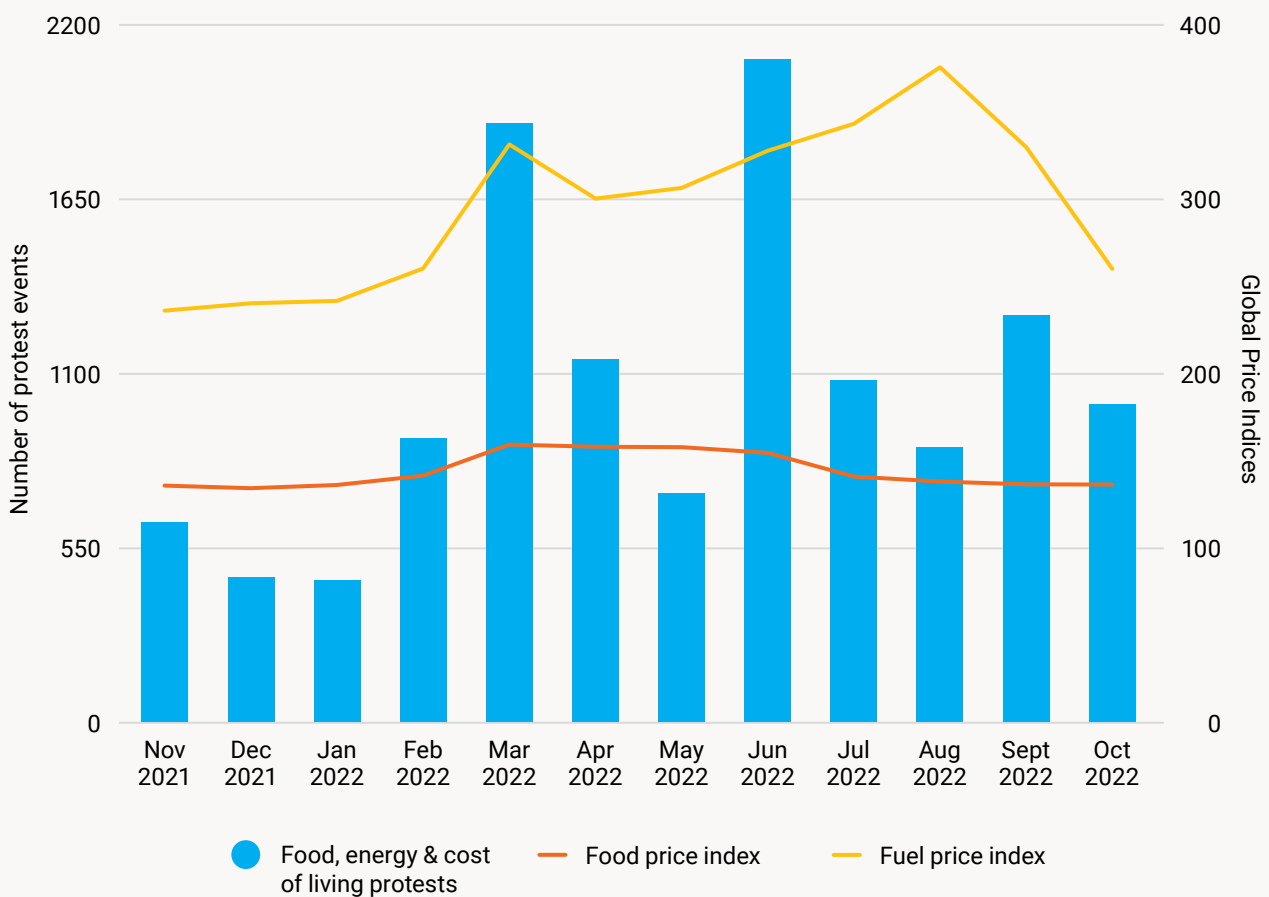
Explore findings from UNICEF's cross-generational poll with the interactive microsite



fostering cynicism and despondency. While young people overwhelmingly rely on social media platforms to stay informed, just 17 per cent of those who do so say they have a lot of trust in the information they consume there, according to a 21-country [UNICEF-Gallup poll](#). In other words, many young people cast a skeptical eye on what they are reading, watching and listening to online every day.

Given shaken faith in information sources – alongside shocks like disease outbreaks, extreme weather events and a global economic slowdown – trust is likely to remain weak in the coming year. Trust between people is key to [social cohesion](#): It helps define how societal groups interact with the state and its institutions, which matters to children when accessing services. Higher levels of trust help foster greater stability and set the foundation for [stronger economic growth](#). By contrast, trust in government institutions is undermined in the long term when children are [exposed to shocks](#) such as epidemics or conflicts during their adolescence.

FIGURE 13: FOOD, FUEL AND COST OF LIVING PROTESTS



Note: [FAO food price index](#) averages indices of meat, dairy, cereals, oils and sugar. 2014-16=100. [IMF Fuel \(Energy\) Index](#), 2016 = 100, includes crude oil (petroleum), natural gas, coal and propane. Protest events from authors' analysis of [Armed Conflict Location and Event Data \(ACLED\)](#). Source: Naomi Hossain and Jeffrey Hallock, [Food, energy & cost of living protests 2022](#), Friedrich Ebert Stiftung, New York, 2022.



I have seen first-hand how women are not included in improvement plans and our needs are reduced to secondary points in public policies.

—
Participant in youth foresight workshops

Amid waning trust, data from [160 countries](#) show that young people are becoming more dissatisfied with democracy. They are dissatisfied not only in absolute terms, but also relative to older cohorts at comparable stages of life. The most marked declines in young people's satisfaction with democracy are observed in Latin America, sub-Saharan Africa, Western Europe and English-speaking democracies (e.g., the UK, Australia and the US). In developed democracies, a major contributor to youth discontent is economic exclusion. In democracies in Latin America, sub-Saharan Africa and southern Europe, researchers have found signs of transition fatigue, as generations coming of age today lack either memory of authoritarian rule or the experience of struggles within a democracy.

Widespread disillusionment and loss of faith in the social contract is a destabilizing force in society. Especially when coupled with economic shocks, such an environment is ripe for civil unrest. That is why social movements – including those led by young people and women – are likely to continue to be a force in 2023, especially in protesting social and economic conditions. These movements are emerging despite, and in the face of, the repression often accompanying democratic decline.

Cost-of-living increases were a major cause of unrest in 2022; with inflation's persistence, further unrest appears likely in 2023. The pandemic initially put downward pressure on a global trend of rising social unrest, evident since 2011. But as prices of food and energy will likely remain high, we may see a [resurgence](#) of demonstrations in 2023. Already, unrest has spread to [more countries](#). From November 2021 to October 2022, [more than 12,000](#) protests took place around the world in connection with prices of or access to food and energy; students and youth participated in more than 600 of them (Figure 13).

Greater women's and girls' engagement in anti-authoritarian protests may continue into 2023. Authoritarianism and misogyny are [intertwined](#); authoritarian leaders are more likely to launch assaults on the rights of women and girls and threaten to roll back progress. Those assaults have spurred women and girls into organized resistance. Gender-based economic and political discrimination and the presence of women's organizations [significantly increase](#) the likelihood that women protest, research shows. Moreover, when women take part in mass movements, the outcomes are more likely to be [peaceful and equitable](#). Combatting rising authoritarianism means investing in women's and girls' empowerment and political participation.

Overall, democracy will continue to face challenges in 2023. [Research](#) suggests that inflation and large-scale strikes reduce support for incumbent governments. Political instability may drive positive change in some countries, but may also open up opportunities for populist or authoritarian leaders to exploit public distrust and fear. With much of the world struggling to manage higher costs of living amid a possible economic downturn in 2023, pressure on governments to deliver on their obligations will continue to mount. Women and young people will be at the forefront of many of the social movements applying such pressure.

7. Increasing factionalism will put further stress on multilateralism — but efforts to address children’s and young people’s concerns may offer opportunities to find common ground.



A poor relationship in 2023 between the US and China will impact the world in at least three critical ways: (1) trade disputes between the US and China will persist and both countries are more likely to engage in punitive economic measures; (2) the two countries are less likely to cooperate on global and regional challenges, and; (3) their fraught relationship will continue to heighten military tensions in Asia and the Asia-Pacific region.

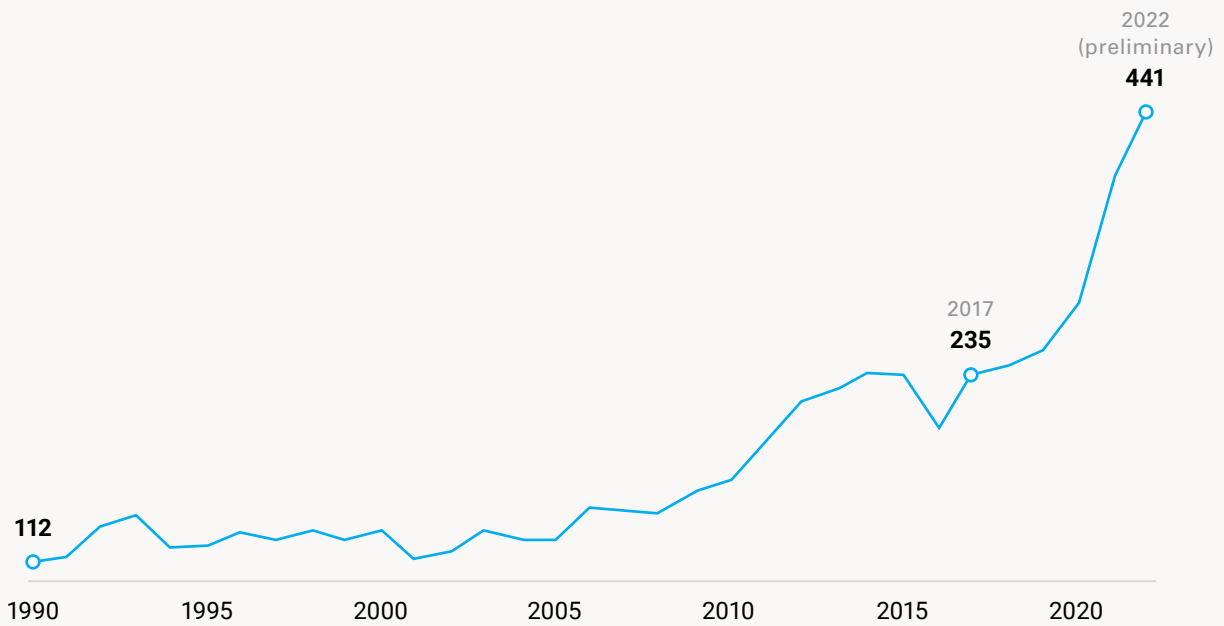
—
Peter Engelke, Deputy Director and Senior Fellow for Foresight, Scowcroft Center for Strategy and Security, Atlantic Council

In 2023, intensified competition among great powers will continue to shape multilateralism. Tension will manifest in greater trade tensions, further use of punitive measures such as sanctions, and increased strain in existing conflicts. The re-prioritization of high-level security issues will shift the agenda in the United Nations. At the same time, governments will continue to seek regional and ‘minilateral’ arrangements – ad hoc frameworks of a small number of countries based on situational interests, shared values or relevant capabilities. This factionalism among countries and regions will reduce the ability of the multilateral system to deal with global problems which require collective action: protecting the environment, resolving conflict, maintaining global economic stability, and upholding global norms such as human rights. An antagonistic geopolitical world is far more likely to result in worse outcomes for children and youth everywhere.

This geopolitical competition will go hand in hand with governments’ efforts to reduce interdependency. For example, some may seek alternatives to conducting transactions and holding foreign currency reserves in US dollars. Increased tensions among world powers could also lead to a further shift away from globalization and toward protectionism and closer-to-home supply chains, particularly with regard to energy supply and technology. Recent measures adopted by the world’s largest economies, including green energy subsidies and economic sanctions, portend a reshaping of trade relationships and further economic hostility. Sanctions had already proliferated since the early 2000s. The spike in the use of these measures in 2022 (Figure 14), also against major economies, has resulted in aggregate effects now felt broadly across the global economy.

These dynamics will pose challenges across the humanitarian-development-peace nexus in 2023. The proliferation of unilateral economic sanctions translates into higher costs and delays for organizations working to deliver humanitarian and long-term assistance. A lack of agreement among great powers may also halt critical peace and security negotiations and preventative action, including at the United Nations Security Council.

FIGURE 14: NET NUMBER OF SANCTIONS PROGRAMMES IN PLACE GLOBALLY



Note: Data from the Hochschule Konstanz University of Applied Sciences, Drexel University School of Economics, Austrian Institute for Economic Research.

Source: 'The Messy Unwinding of the New World Order - in Charts', *Wall Street Journal*, 3 Nov 2022.



Learn more about the harms to which children are subjected in **heavily sanctioned countries**



Children and women will be particularly vulnerable to the effects of these crises. More children are in need now than at any point since World War II; UNICEF aims to reach 110.3 million of them in 2023. Any further instability or tension risks increasing that figure at a time when traditional donor countries are stretched by a global economic slowdown.

Efforts to address global challenges could be paralyzed if powerful governments pursue opposing agendas. For instance:

- Progress toward achieving the SDGs, already suffering significant setbacks amid the pandemic and war in Ukraine, will likely stall further in 2023. At a time when investment is needed most for struggling countries and communities, factionalism has prevented the international community from coming together to agree on a plan to revive the economy and progress toward the SDGs. Given the scale of the need to mitigate the impact of the polycrisis, **MDBs** have a central role to play, but they have not yet been provided the capital and mandate to take it on. The global goal to **end extreme poverty** by 2030 is unlikely to be met, while **gender parity** may not be achieved for another 132 years – four generations.
- The global human rights agenda is at risk of being diluted in this environment. To achieve strategic security objectives, some governments may be more willing to **overlook abuses** or collaborate with countries with a poor human rights record.



Although fears of a broad regional conflict in Africa have long been in circulation, there is some concern that tensions in central Africa might result in a full-fledged regional war soon, if not in 2023 then in the coming few years.

—
Peter Engelke, Deputy Director and Senior Fellow for Foresight, and **Imran Bayoumi**, Assistant Director, Scowcroft Center for Strategy and Security, Atlantic Council

- While some progress was made with agreements to protect civilians during armed conflict (e.g., those covering the malicious use of cyberspace and the use of explosive weapons in populated areas, signed by 82 countries in 2022), challenges persist in governing the use of emerging technologies for military purposes. As we wrote in our *Global Outlook 2022*, while the use of lethal autonomous weapons systems in military operations could have devastating consequences for children, the slow pace toward formal regulation is likely to continue in 2023.

There is a palpable sense of frustration among developing countries with the Global North on a range of issues. The Global South has been expressing frustration with the pandemic response, especially when governments did not receive more substantial support from the West for the health response and recovery. In addition, while countries of the Global South are most vulnerable to the effects of climate change, they have not been given the support they have requested. There is disappointment with slow movement on climate mitigation and finance, and the Global North's meager green and renewable energy investments in the Global South. On the economic side, higher interest rates and an appreciating dollar have hit developing countries hard at the time when some countries need to take IMF and other loans.

As a result, **a new non-aligned movement of countries is emerging in the Global South**, as middle powers seek to increase autonomy and influence in the current multilateral order. Meanwhile, small groups of countries are forming minilateral alliances to address strategic and economic issues such as more favourable trade conditions, technology (including military equipment and weapons), essential commodities and better terms to restructure debt. Minilateral agreements designed to navigate the complexities of fighting climate change and set forth measures and targets are also increasingly common, but not without challenges. A more fragmented environment could make it difficult to agree on new global norms and standards that benefit children.

At the same time, efforts to reform the United Nations system will continue in 2023. Calls to reaffirm the Charter of the United Nations and reinvigorate multilateralism are central to Secretary-General António Guterres' *Our Common Agenda* roadmap, and will be further discussed during the Summit of the Future in 2024. It is hoped that the Summit will result in an inter-governmentally negotiated, high-level agreement that helps accelerate the United Nations' efforts on the SDGs, the climate crisis, international peace and security, human rights, international justice and gender equality.

UNICEF's Youth Foresight Fellows acknowledge the importance of transforming political and economic models that currently favour short-term gains. They also view greater inclusion of young people in deliberations on these changes as critical to their success. A number of proposals included in *Our Common Agenda* relate directly to children and young people, including: lowering the voting age and the age at which one can stand for elected office, strengthening youth participatory bodies, and giving greater consideration to establishing youth labour guarantees.



Intercultural communication in every field is the most important global trend for me, as it allows people to empathize and learn from one another.

—
Disha Ganjgunte, 21
Texas Tech University

The polycrisis will exacerbate the multilateral system's long-running challenges and potentially obstruct global action on issues significant for children in 2023. Nonetheless, the hope is that international stakeholders will be able to put tensions aside to find common ground in their goals for children's rights and well-being. UNICEF and others working to benefit children need to be agile and adaptive in this rapidly-changing environment, and seek collaboration with new groupings of countries to advance children's interests.

8. The internet will continue to fragment and become less global, resulting in further disparities — prompting a greater push for openness, fairness and inclusion.



What worries me is that the further the world advances technologically, the greater the disparities will be amongst every one of us. So we need to address this now.

—
Jasmine Cha, 30,
United Nations
Association in Calgary
(UNAC-Calgary)

While the internet has been splintering for some years, fragmentation has accelerated and is now at an all-time high. Fragmentation, or the segmentation of the internet into separate islands of connectivity and governance, undermines its creators' vision that it be a global public good that benefits all. Driven by political, technological and commercial developments, the shift means that the web is becoming less globally connected and less open. Children in particular stand to lose from this fragmentation because they depend on internet access for information and educational resources, play, and socializing with friends, peers and family.

Fragmentation of the internet into separate and often incompatible networks consists of multiple dimensions, including:

1. **Geopolitical** – reflecting increased competition among governments seeking to advance their political and economic interests in the digital sphere, usually at the expense of digital cooperation.
2. **Technical** – with governments, industry and civil society often unable to reach consensus on competing standards. Such consensus is needed needed for digital systems to operate together.
3. **Economic** – in which business practices stifle the open and rights-based use of technology platforms. Meanwhile, the lack of equitable distribution of the benefits of data use has led governments to restrict international data flows.
4. **Democratic** – in which internet fragmentation manifests in censorship and surveillance, internet shutdowns, disruptions and other limitations on internet freedoms.

These levels of internet fragmentation are interconnected, with government policies often driving the process. Some governments' efforts to carve up the internet into nationally siloed and controllable spaces are made easier by the absence of global internet governance frameworks and coordination. More than 50 countries across the political spectrum are now adopting a data sovereignty approach, whereby the data of their citizens, government agencies and corporations are subject to national laws and governance structures, and data is processed within the country's borders. There can be legitimate reasons for this national data localization, such as protecting user privacy. But the potential for government surveillance

or weakened data security – especially in countries with limited technical infrastructure – can put users at risk.

Commercial interests’ response to government policies can further exacerbate fragmentation. Due to the proliferation of regulatory frameworks, companies may choose to operate only in countries with strong economic returns, leaving users in other locations with fewer internet services and potentially limiting their economic opportunities.

Such political, technological and commercial developments are putting immense pressure on the unity and openness of the internet – critical conditions for the enjoyment of human and child rights online. The 2022 Freedom of the Net report, published by the research and advocacy nonprofit Freedom House, found that a record number of national governments blocked websites – mostly located outside of those countries. The past year also saw a dramatic acceleration of centralized state control over internet infrastructure and more barriers to cross-border data transfers were erected. Online censorship has also increased, with more than three-quarters of the world’s internet users now living in countries where they can be punished for exercising their right to free expression online.

WHAT YOUNG PEOPLE ARE SAYING

About internet fragmentation

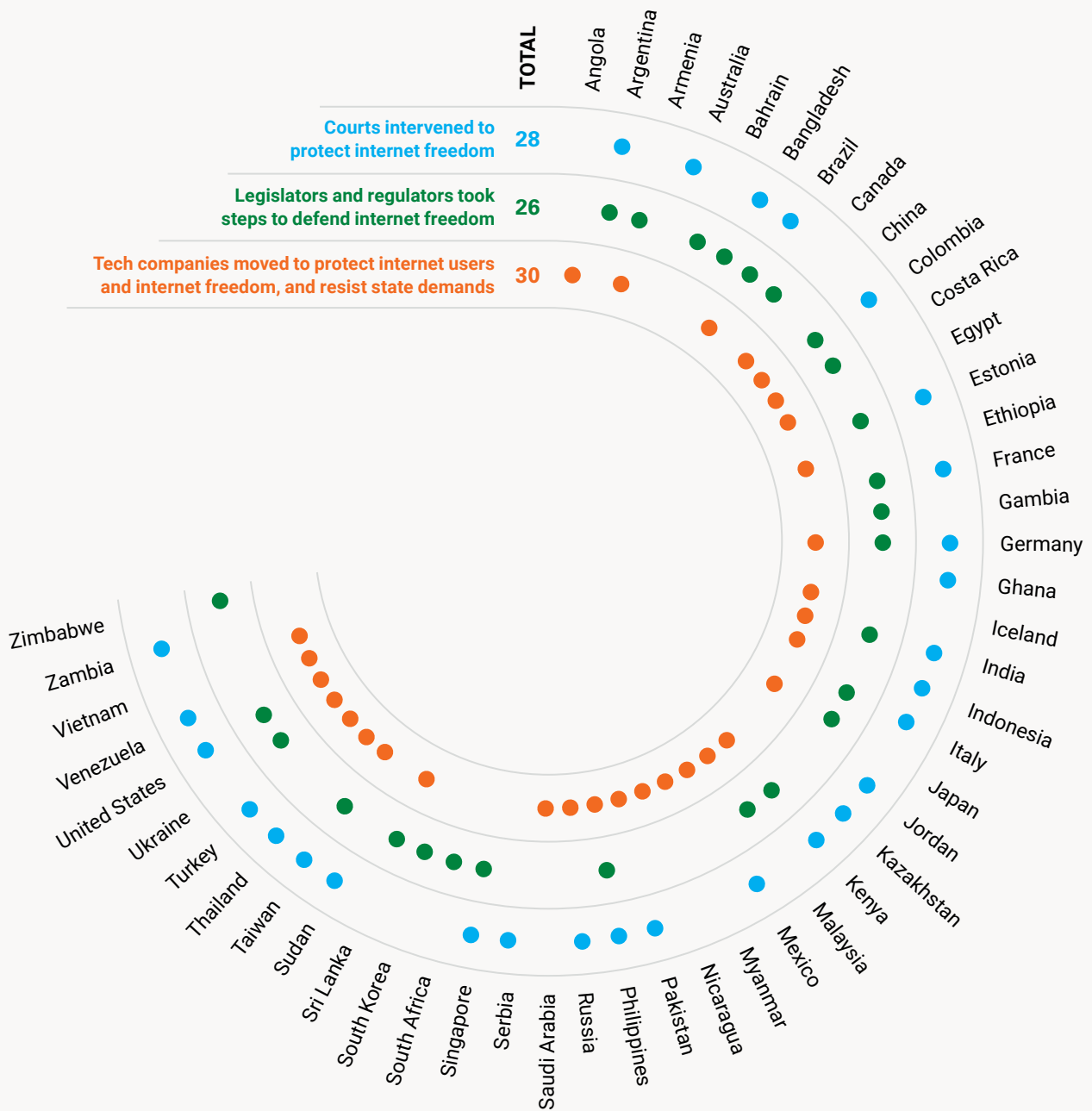
Participants in the youth foresight workshops see internet fragmentation as closely linked to growing technology disparities. For those on the wrong side of the digital divide, these disparities

will lead to missed opportunities, income divergence, increased risks of surveillance or exploitation and unequal access to information. Effects range from polarization and dependence – within and between countries – to social unrest. On the upside, workshop participants see that the fragmentation of the internet

could drive innovation in the form of local tech and connectivity solutions, making greater use of open-source software, and employing creative resistance tactics against the surveillance state. This kind of digital ‘bottom-up revolution’ can result in improvements in education, health, development and well-being.

Patchwork internet governance poses a risk to children’s rights in the digital environment. Uneven governance reduces accountability because there is limited transparency in how technology is implemented and how it impacts children; prevents knowledge and resource sharing at the global level; and inhibits the design of interoperable technologies that could be governed and used globally to the benefit of all. Censorship and surveillance deny children access to information, freedom of expression and the right to privacy and to peaceful assembly both online and offline. Internet disruptions impinge upon children’s access to education, health care and humanitarian assistance – all of which rely on internet and communications infrastructure. Up to 84 per cent of 12–17-year-old children search for new information online, and up to 37 per cent discuss political or social problems with others online at least once per week, according to UNICEF’s Disrupting Harm, a research initiative carried out with ECPAT International and INTERPOL in 12 countries in Eastern and Southern Africa and Southeast Asia.

FIGURE 15: PUSH BACK AGAINST DIGITAL RESTRICTIONS IN 2022



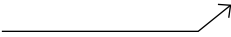
Source: Adrian Shahbaz, Allie Funk and Kian Vesteinsson, *Freedom on the Net 2022: Countering an Authoritarian Overhaul of the Internet*, Freedom House, Washington DC, 2022.

We envisage three trends in the digital space for 2023 and beyond, which all bear important implications for children:

First, the international community, embodied in the United Nations system, will make another concerted effort to develop an international digital governance framework with the aim of acceptance by governments, the private sector and civil society. Initial discussions on a [Global Digital Compact](#) that would be based on shared principles of an



Use UNICEF's new **child-centred digital equality framework** to design and evaluate better digital inclusion policies



open, free, inclusive and secure digital future are promising. Since children and youth are the most active internet users, their centrality in any global digital agreement is key, and every opportunity to align stakeholders toward a child-rights based internet model must be seized. While several powerful countries have opposing visions of how the internet should be governed, they should converge on respect for child rights and safety. Ensuring such respect for child rights, from protection to empowerment, will remain a challenge.

Second, 2023 will see further consolidation of efforts to fight digital oppression and internet fragmentation. Freedom House reported that 2022 saw progress against internet shutdowns in a record number of countries (Figure 15). Forty per cent of countries experienced wins such as courts striking down laws that curb online rights, or successful interventions against censorship and surveillance. Efforts to challenge internet shutdowns and equip civil society to circumvent and resist them have also begun to make headway. Calls for greater oversight and regulation of digital surveillance tools and practices and against internet fragmentation have been gaining momentum worldwide. Young people are often at the forefront of these struggles for freedoms, leading protests and developing or using alternative modes of digital engagement that bypass censored channels.

Third, in the absence of global democratic and human rights-based regulation, some countries will continue to model positive approaches to internet governance, share successful policies and build networks and alliances that counter fragmentation. Positive examples are emerging, in particular in the domain of child-related regulation and policies. The adoption of the Age-Appropriate Design Code – a code of practice developed by the UK government requiring that online service providers treat children and their data in a safe and appropriate way – inspired the development of several similar children’s codes in Ireland, Sweden, France, the Netherlands and California. The California Age-Appropriate Design Code Act, which will take effect in 2024, is expected to have spill-over effects for child users in other US states and even globally. These new and forthcoming regulations, the fruit of years of work by child-rights stakeholders and youth movements, create many protections for children in today’s digital environment and provide some legal insulation against receding freedoms. They will positively influence how emerging internet technologies are shaped and governed.



Read *The Case for Better Governance of Children’s Data: A Manifesto*



Weak signals, tipping points, black and white swans →

Weak signals, tipping points, black and white swans



—
Marantao,
Philippines

While this report focuses on trends that we believe will be most significant in shaping 2023, we also draw attention to possible events that could prove equally consequential for the world and for children. **Some such developments are highly unlikely, but their far-reaching repercussions, if they were to manifest, demand our attention.**



Weak signals

are data points that augur an emerging trend



Tipping points

are emerging trends that precipitate irreversible, systemic effects if they pass a threshold



Black swans

are highly infrequent and unexpected events



White swans

are highly infrequent and anticipated events

In *Global Outlook 2022* we pointed to a number of ‘black swans’ – events that, while highly unlikely, would have major implications for children across many countries. One such black swan was the potential for military confrontation between global powers, and how such confrontation would have a knock-on effect on the post-COVID economic recovery and political instability. We argued that such a conflict would likely catalyse other trends such as rising food prices, an influx of refugees and an escalation of cyberattacks. In 2022 such conflict has indeed contributed to the polycrisis discussed above.

Elsewhere in this *Global Outlook 2023* we discuss rising geopolitical tensions; here we draw attention to trends we believe are either emerging or reaching a critical tipping point. Many of these developments may not occur in 2023, but the global community should remain vigilant, as repercussions will be far-reaching when they do. Signals, tipping points and swans with an asterisk (*) were raised and discussed by young people from across the world during our youth foresight workshops.




New regulations for cryptocurrencies are looking increasingly likely.

In recent months the reference cryptocurrency Bitcoin has been down 64–75 per cent from its all-time high. [Volatility](#) has long been a feature of the crypto industry, but the November collapse of the US\$32 billion crypto exchange FTX and Alameda Research – and the fraud allegations surrounding it – cost investors billions and crushed confidence in cryptocurrencies. The situation raises serious concerns for public finance for children in countries like El Salvador and the Central African Republic, which are heavily invested in cryptocurrencies. It now looks increasingly likely that authorities in the US and other countries will pursue crypto regulation to prevent parts of the industry from taking deposits and using them to fund riskier operations in the open market. It is important to ensure that child considerations feature prominently in any forthcoming cryptocurrency regulations.

*

These signals, tipping points and swans were raised and discussed by young people from across the world during our youth foresight workshops.

 **India is poised to overtake China as the world approaches 'peak child'.*** In 2023, India is expected to overtake China as [the world's most populous country](#). This symbolic moment is explained by China's low fertility rate, but China is hardly alone in this respect: Half the world's countries already have a fertility rate below the replacement ratio, and the number of children in the world will soon reach an inflection point. [Peak child](#) is forecast to occur in 2024. As more countries begin to grapple with diminishing, aging populations more governments will likely implement policies designed to reverse these demographic trends. Some will seek to reduce the cost of raising children and the trade-offs that caregivers – particularly mothers – face between work and family. Policies will likely include the expansion of maternal and paternity leave and the provision of free, high-quality childcare. Countries will also increasingly be pushed to reconsider their policies on migration; this situation will be further complicated by climate change.


 **The race for critical minerals and rare earth elements** has sped up rapidly in recent years, which has significant implications for energy security, environmental damage and social harms. Production and processing operations for them are more highly [concentrated](#) than those of oil and gas, making supply chains susceptible to [logistical disruptions](#) and geopolitical risks. Mining of these materials has been linked to [exploitation and violence](#), including high levels of child labour, exposure to toxic substances, and the destruction of indigenous lands and biodiversity. Finding ways to apply international best practices to mining operations and supply chain management for all minerals will be critical in the coming years.




Once we have more women in government, there will be fairer laws on family leave and childcare – that's a better future for us all.

—

Valentina Kurkdjian,
22, CESAR School,
Brazil

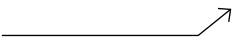
 **Severe disruptions to satellite infrastructure** – due to rapidly accumulating [debris in space](#) or purposeful jamming by advanced military powers or [non-state actors and individuals](#) – could have devastating impacts on key services for children. For example, services that rely on navigation systems and satellite internet access – from delivery of humanitarian assistance to digital learning – could be compromised. In the absence of a legal regime to prevent an arms race in outer space, satellite infrastructure could become the next battlefield.

 While it is impossible to predict where and when it will originate, **another pandemic is almost certain to emerge.*** Young people in the youth foresight workshops said that many of their peers are anxious about future pandemics. Amid a worsening climate crisis and increased human incursions into animal habitats, infectious disease outbreaks now occur [three times more frequently](#) than they did just 40 years ago. Most pandemics have originated with [animal-to-human](#) transmission. Deforestation, urbanization, wildlife trade and meat production facilitate human contact with animals, increasing entry points for infection. [Viruses](#) with high mutation rates and efficient human-to-human transmission (e.g., via respiratory aerosols during incubation periods) have the most potential to spark a pandemic.

⚠️ The ability of **artificial intelligence (AI) systems to generate synthetic content*** or manipulate existing content may reach a tipping point in 2023. The rapid development of data models used to train AI systems means systems can now generate human-like text, create realistic images and computer code from a description in natural language, and produce audio. Limitations still exist; tools can generate content that is nonsensical, not true, or that replicates human prejudice. But the era of creativity and tailored knowledge on demand, in real time and at scale has begun. While these AI systems are likely to impact many areas of children’s lives in the future, they raise critical questions for education in the near term. It is unclear, for example, how they may be used to provide virtual tutoring, complete homework such as essays or write exam responses. It is also unclear what these possibilities will mean for teaching, learning and governance.



Read UNICEF's
**Policy Guidance on
AI for Children**



💡 **Research on nuclear fusion shows promise and transcends geopolitical boundaries – though it is still in the early stages.** The recent success of the US' National Ignition Facility in generating more energy from a nuclear reaction than was consumed resulted in excitement about the long-term promise of abundant sustainable energy. In reality, we are still many years from deployment and need to continue to focus on technologies that allow us to decarbonize in the short- and medium-terms. However, this breakthrough may accelerate meaningful investments in the sector. Other approaches to nuclear fusion not linked to military research also show promise, including the US\$22 billion international nuclear fusion research and engineering megaproject, International Thermonuclear Experimental Reactor (ITER). This initiative transcends geopolitical boundaries, as it brings together researchers from several countries. They hope to produce self-sustaining fusion by 2035, which would be a major breakthrough.



Concluding remarks →



Concluding remarks

—
Abu Abdeh
village, Syria

Concluding remarks

Our *Global Outlook 2022* closed with a reminder that the trends we identified were highly interlinked, and that global events, shocks and trends would likely interact with each other in ways that could significantly alter global prospects for children. As we look back now, both at our yearly foresight report and the events of 2022, we recognize that the same premise remains true. **None of the trends we write about should be viewed in isolation from each other, nor will their impact be felt within only one dimension of child well-being.**

From learning losses due to lingering effects of the pandemic to rising child poverty and malnutrition due to food and energy crises, we identify many global challenges in *Global Outlook 2023*. The most vulnerable children and families will bear the brunt of these crises, and girls will be particularly impacted. Girls will continue to be pulled out of school, denied digital learning opportunities, or forced to marry early because of persistent poverty. They will be less likely to benefit from transitioning to green jobs or learn sought-after green economy skills. They will continue to be persecuted by authoritarian governments for their civil rights advocacy. Unless we urgently address these challenges, the effects will be felt not only by this generation of children but also by generations to come.

While future risks and crises may be unavoidable, reducing children's vulnerability to them is achievable. We know that there are tried-and-tested strategies we can adopt to mitigate these negative impacts. In addition to providing immediate humanitarian relief, governments can support those most at risk by expanding health, social protection and education services; providing cash benefits to families with children to supplement family income; increasing the provision of food subsidies; and more. The establishment of learning recovery programmes will help tackle learning losses from past crises and prevent children from falling further behind in case of new emergencies. Early prevention, detection and treatment plans for severe child malnutrition have been effective in reducing child wasting.

We also caution against policy actions that may address short-term needs, but in the long run inhibit progress toward finding long-term solutions to challenges and crises.

We need not only to invest in meeting these immediate challenges, but also to recognize that without transformative change and collective action, we may find ourselves addressing the same structural problems

in the years ahead. Changes are first and foremost needed in the way we anticipate and manage global risks. Such shifts will require: a) investment in foresight capabilities and anticipatory governance so that we are better prepared for future risks; b) systemic changes in the governance of public goods and international institutions (e.g., health infrastructure, food and energy systems, global financial architecture and digital technology) and c) strengthened cooperation and coordination among nations and generations. Children and young people must be central to this process: Their efforts and their aspirations need to guide us in our pursuit of a brighter future.

—
Fayoum, Egypt:
A public school student participates in a summer camp focused on the environment and climate change.



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UNICEF Innocenti – Global Office of Research and Foresight tackles the questions of greatest importance for children, both current and emerging. It drives change through research and foresight on a wide range of child rights issues, sparking global discourse and actively engaging young people in its work.

UNICEF Innocenti equips thought leaders and decision-makers with the evidence they need to build a better, safer world for children. The office undertakes research on unresolved and emerging issues, using primary and secondary data that represents the voices of children and families themselves. It uses foresight to set the agenda for children, including horizon scanning, trends analysis and scenario development. The office produces a diverse and dynamic library of high-level reports, analyses and policy papers, and provides a platform for debate and advocacy on a wide range of child rights issues.

UNICEF Innocenti provides, for every child, answers to their most pressing concerns.

UNICEF works in the world's toughest places to reach the most disadvantaged children and adolescents — and to protect the rights of every child, everywhere. Across 190 countries and territories, we do whatever it takes to help children survive, thrive and fulfill their potential, from early childhood through adolescence. And we never give up.



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